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Japan

Automakers Warn of Suit With U.S. Trade Court

OW2706011895 Tokyo MAINICHI SHIMBUN in Japanese 24 Jun 95 Morning Edition p 9

[FBIS Translated Text] Toyota Motor Corporation and Nissan Motor Co., Ltd. decided on 23 June that, if the U.S. Government exercises sanctions based on the Section 301 of the 1974 Trade Act (on retaliatory actions against unfair trade practices), they will take the case to the U.S. Court of International Trade (CIT), demanding recognition of damage from the sanctions as well as seeking compensation. Honda Motor Co., Ltd. is also studying a possibility of appealing to the CIT. The three companies, which possess luxury car sales networks in the United States, are likely to take a concerted action. If sanctions are imposed, the Japanese Government also intends to bring the case before the World Trade Organization (WTO) again. Therefore, it is likely that both the government and the private sector will claim the "illegality" of the sanctions.

Local Toyota and Nissan representatives in the United States are expected to file a suit to the CIT. If 100-percent tariffs are imposed on their cars, the sales price will nearly double. If the companies sell cars at the doubled price, they will lose their competitive strength in the price war. Therefore, those car makers will be virtually forced to suspend sales or they will have to bear expenses incidental to the 100-percent tariff.

For this reason, they will stress the illegality of the U.S. sanctions and ask for relief concerning their "industrial damages," such as loses resulting from suspension of sales and the burden of the 100-percent tariffs.

Toyota has continued to export "Lexus LS 400" and four other car models, subject to sanctions, to the United States even after 20 May — the date the 100-percent tariffs are supposed to be retroactive to. This is because it wants to maintain the network of "Lexus dealerships" dealing with luxury cars.

The amount of the punitive tariffs until the 28 June deadline is reportedly expected to reach as much as approximately 25 billion yen. Because Toyota intends to cover the punitive tariffs by itself, not passing them on to consumers, it believes that the tariff burden will be regarded as industrial damages.

Nissan has also continued to export three car models, including "Infinity Q 45," to the United States to maintain the network of "Infinity dealerships" dealing with luxury cars. The company intends to bear the burden of the tariffs, which will be imposed on cars to be sold until the deadline. An executive of the company said: "If sanctions are exercised, this will cause damages soon. So, we have to take legal action."

Since Honda has also exported "Acura Legend" models, subject to sanctions, to its network of "Acura dealerships" dealing with luxury cars in the United States, it is considering filing a suit to the CIT like Toyota and Nissan.

Numerical Targets in Auto Talks Discussed

OW2606151495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jun 95 Morning Edition p 5

[Article by Yasuhiko Ota]

[FBIS Translated Text] Geneva, 23 Jun — The last-ditch battle is now underway at the Japan-U.S. vice ministerial auto trade talks over the question of how to handle "numerical targets" in the voluntary procurement plan for foreign-made auto parts. The United States demands that American companies affiliated to Japanese corporations should present a local content ratio of vehicles manufactured in North America as their self-imposed target. However, Japan is opposed to the U.S. request, saying: "To Request and force auto makers to fulfill a procurement rate run counter to the GATT." At a 23 June consultation, the two nations seemed to continue seeking the bottom line. Although Japan is preparing a proposal in which Japanese auto makers voluntarily present their production capabilities in North America in concrete figures, whether or not the United States will accept the plan remains uncertain.

Regarding the self-imposed procurement plan, the U.S. Government has already shifted its position, and urges five Japanese manufacturers to set a "local content ratio," instead of a "procurement amount" goal, as their voluntary target. A high-ranking U.S. Government official said that "this is the utmost U.S. compromise." As of a 23 June vice ministerial meeting, there has been no change in the U.S. stand. The same official said that if Japan refuses the U.S. proposal, "it will be extremely difficult for the two nations to reach an agreement."

At the same time, the Japanese Government is concerned about the possibility that if Japan and the United States reach an agreement on local content, which is contradictory to the GATT, EU and Asian countries would react against them. A senior Ministry of International Trade and Industry official said: "This is not simply a bilateral issue but will concern two nations' credibility in the international community." Japan wants to persistently resist the U.S. request to clearly indicate the local content ratio in the voluntary plan.

Japan's substitute plan suggests that first, Japanese makers present the plan of announcing their production capability in the number of units, and then, the Japanese Government will welcome it. At the same time, concerning the local content rate, the government will regularly check an increase in the ratio with a subjective standard, which is to be incorporated in the intergovernmental agreement. On the premise that the production capability continues to improve, the volume of parts procurement can be easily grasped by multiplying production capability by local content ratios. In light of this, the Japanese Government believes the United States will be able to demonstrate results of negotiations to its people.

At vice ministerial talks, both countries have begun seriously tackling this issue to reach an agreement. Whether or not they can reach an agreement by the 28 June deadline depends on how the "numerical targets" will be handled in the voluntary plan.

Automakers Unveil Draft of Voluntary Plans

OW2706134295 Tokyo YOMIURI SHIMBUN in Japanese 25 Jun 95 Morning Edition p 6

[FBIS Translated Text] The draft voluntary operational plans of the automobile manufacturers, formulated in their attempt to effect a breakthrough in the Japan-U.S. auto talks, were made public on 24 June.

These plans are divided into short-term projects of not more than one year, mid-term projects of not more than three years, and long- term projects of over three years. Among the list of projects are: a plan by Honda Motor Company, Ltd. to start local production of its luxury car "CLX" in U.S. plants from January 1996 and Toyota Motor Corporation's expediting plans to build its third car assembly plant in the United States. Production plans in the United States and expansion of local procurement of parts will be strongly highlighted in the proposed plans.

These operational plans will be announced at an appropriate time, depending on developments at the Geneva talks. If cabinet-level negotiations break down, an announcement may be postponed or certain items in the list may be discarded.

The voluntary plans by the automakers are based on the principle of avoiding as much as possible the inclusion of specific volumes of parts purchases and other "figures" which may be taken as numerical targets.

Classified by individual automakers, the centerpiece of Toyota's efforts is its expediting concrete plans for the project to build its third plant in the United States by 1998. As part of its efforts to expand imports of repair parts, Toyota will sell U.S.- made Delco batteries and Goodyear tires in Japan through its parts marketing network. These products will be treated as genuine Toyota parts, the quality and safety standards of which will be guaranteed by Toyota.

Moreover, Toyota will increase its auto production in the United States from the present 580,000 units a year to 790,000 units in 1996 and to 900,000 units in 1998. By 1996, Toyota intends to start production of its third model, following the production of "Camry" and "Avalon," at its Kentucky plant. Additional production of compact cars at its plant in Canada is also included in the list.

Furthermore, local content ratio, which stands at 75 percent at present, will be further increased after expanding its production of engines at the Kentucky plant to 350,000 units a year in 1996.

Honda includes in its list the start of production of its "CLX" model in the United States to be marketed by its "Acura" outlets. Furthermore, it intends to frontload part of its original plans to expand production capacity in North America to 720,000 units a year by 1997.

Aside from the above, Nissan Motor Company, Ltd. will also start the production of clutch parts in the United States, while Mitsubishi Motors Corporation will increase auto production in North America from the present 170,000 units a year to full capacity at 240,000 units a year by 1996.

Principal Projects Listed by Five Major Automakers [subhead]

Toyota

— Conduct full-fledged study on a project to construct a third factory in the United States

— Sell U.S.-made batteries, tires, and other items in Japan via joint parts sales outlets; study the possibility of handling auto parts made in foreign countries other than the United States

— Boost annual automobile production in North America from current 580,000 units to 900,000 units in 1998; study the possibility of marketing a third model and producing compact cars in Canada

— Boost automobile exports from North America to Asia from 47,000 units in 1994 to more than 80,000 units in 1996

— Bring automobile engine production in the United States to 350,000 units in 1996

— Strive to increase purchases of U.S. auto parts

— Study the possibility of local production of luxury cars

Nissan

— Increase local procurement of clutch-related parts

— Strive to purchase U.S. auto parts to be used at an engine assembly plant in the United States set to begin operating in 1997

— Importing passenger cars and other vehicles made at U.S. factories into Japan

Mitsubishi

— Boost annual automobile production in North America from 170,000 units in 1994 to 240,000 units by 1996

— Increase imports of automobiles from the United States into Japan

Honda

— Begin production of the "CLX" in North America next year, marketing via "Acura" luxury model sales outlets

— Boost annual automobile production in North America from current 610,000 units to 720,000 units by 1997

— Promptly increase production at a Mexican plant set to begin operating this fall from an initially projected 15,000 units to 30,000 units

— Boost engine production at a U.S. plant from the current level of 500,000 units to 750,000 units by 1998

Mazda

— Strive to increase the amount of foreign auto parts to be used in Japan

MOFA Brochure Counters U.S. Auto Claims

OW2706053295 Tokyo ASAHI SHIMBUN in Japanese 25 Jun 95 Morning Edition p 3

[FBIS Translated Text] "Japanese consumers are buying more U.S. cars than European cars." "Japanese makers' purchases of U.S.-made auto parts have been increased sixfold in the past seven years." These are statements included in a brochure entitled: "Twenty pieces of data on Japan-U.S. economic ties for discussion with foreigners." The Ministry of Foreign Affairs [MOFA] compiled it by collecting various data to break a U.S. stand on the ongoing bilateral auto dispute. With this brochure, the MOFA aims at strengthening Tokyo's "counterargument" against the United States by distributing it not only within the MOFA, but also in other ministries and agencies as well as overseas diplomatic missions.

This will be their second brochure, following one which was issued last year. When issuing the second one, the MOFA said: "We collected sufficient data from auto-related areas." In this brochure, the MOFA notes: "Among cars popular in Japan, U.S. automobiles actually sell better than European models (24.4 percent) by capturing 28.5 percent of the market for those with engine displacement 3,000 cubic centimeters or more. It is the market in which the U.S. big three have been trying to promote their sales." When it comes to auto parts procurement, the brochure introduces the fact that "Japan's imports of U.S.-made parts comes in third — following Canada and Mexico."

Hashimoto-Kantor Talks Previewed

OW2706011295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 June Morning Edition p 3

[By Takasato Tachibana]

[FBIS Translated Text] Geneva, 25 Jun — On the eve of the Japan-U.S. ministerial talks on the automobile issue, which will start on the early evening of 26 June, negotiators on both sides are unable to predict accurately how the other side will move. Prospects for the talks remain uncertain.

Judging that a political solution is needed to effect a breakthrough in the deadlocked negotiations, the two countries decided to upgrade negotiations to the cabinet level. However, they are yet to have a firm grasp on a concrete solution. The vice ministerial talks are now engaged in clearing up the points of argument in preparation for the ministerial talks.

Ministerial negotiations between Ryutaro Hashimoto, minister of international trade and industry, who will arrive in Geneva on 26 June, and U.S. Trade Representative (USTR) Mickey Kantor will be a race against time in view of the deadline for activating sanctions against Japan on 28 June.

After the end of vice ministerial talks on 24 June, Ira Shapiro, legal counsel to the USTR, has been in frequent contact with Kantor. It is said that Kantor is keen on effecting a breakthrough in the cabinet-level talks. The United States had predicted from the very beginning that a solution would be hard to come by at the vice ministerial talks and had been prepared to go into ministerial negotiations.

In reality, the vice ministerial talks that started on 22 June have been prolonged substantially from the original schedule. When the meeting was temporarily adjourned on the afternoon of 25 June, "serious problems still remain and differences can still be found in all issues." (according to Undersecretary of Trade Jeffrey Garten)

The question of "how to handle numerical targets," including the purchase of U.S.-made auto parts by Japanese manufacturers and the increase in the number of dealers selling foreign cars, remains the greatest obstacle to progress in the continuing talks.

While the United States demands that specific figures be presented to guarantee an increase in future purchases, Japan rejects this, claiming that "numerical targets that may lead to managed trade are unacceptable" — such is the conceptual framework which has been the subject of repeated philosophical debates since the Japan-U.S. economic framework talks started in July 1993.

Even the vice ministerial talks on 25 June were deadlocked because "both sides have not come up with proposals; the discussions focused on philosophical differences." (according to Yoshihiro Sakamoto, deputy vice minister of international trade and industry)

With the negotiations not going beyond the preliminary debate, both sides are unable to present concrete proposals. They are uncertain about how the other side will act, and how far it will compromise.

While the Japanese side is prepared to present new proposals, such as production plans of Japanese carmakers in North America, the negotiations are still very far from the stage where it would be appropriate for Japan to present its new proposals.

Kantor has to leave Geneva not later than 29 June to attend a meeting of trade ministers of the American states in Denver. Therefore, ministerial-level negotiations will also have a time limit. Some observers believe that it will be difficult to narrow the gap between Japan and the United States at one stroke during the time left before sanctions are actually activated.

Hashimoto, Kantor Admit 'Distance' in Stance

OW2706000995 Tokyo KYODO in English 2342 GMT 26 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Geneva, June 26 KYODO — Japanese and U.S. trade ministers acknowledged Monday [26 June] they remain far apart in their last-ditch auto trade talks, but vowed their best efforts to clinch a deal as U.S. trade sanctions loom.

"More work is needed," said U.S. Trade Representative Mickey Kantor after three and a half hours of talks with Ryutaro Hashimoto, Japan's minister of international trade and industry.

"There is still distance between us," Hashimoto told reporters as he joined his U.S. counterpart outside Kantor's office in Geneva.

"(We) seriously discussed various issues but the talks are not over," Hashimoto said.

The two trade chiefs are working against a Wednesday deadline set by U.S. President Bill Clinton, after which he vows 100 percent tariffs on Japanese luxury cars worth 5.9 billion dollars a year.

Tuesday's talks will be at various levels and will cover all the major issues — increasing automakers' foreign-parts purchases, expanding Japanese dealerships that sell foreign cars, and deregulating Japan's spare-parts market.

"(We) exchanged personal views" on all the major areas Monday, Kantor said.

Full-fledged negotiations will begin Tuesday, said Osamu Watanabe, director general of the Machinery and Information Industries Bureau at Japan's Ministry of International Trade and Industry (MITI).

The United States is seeking "major and fundamental reform" of the Japanese auto market, but "we recognize that that can't happen overnight," a senior U.S. official said.

But he indicated U.S. patience is limited, saying, "if it takes too long to phase in, it stops looking like major reform."

Asked if the two sides might reach an agreement and postpone a decision on details, another senior U.S official responded, "we said no partial agreement."

Tuesday's work will include drafting documents, but they are meant to help the ministers in their discussions and do not represent a draft agreement, one of the officials told reporters on condition of anonymity.

The officials rejected the idea of extending the talks beyond the deadline, saying, "we have the deadline and the deadline applies."

Japanese officials continued to insist they are not bound by the domestic U.S. law under which the threatened sanctions were invoked, but MITI's vice minister for international affairs, Yoshihiro Sakamoto, remained gloomy about the prospects for an accord before time runs out.

"There is no element to allow for optimism," as the U.S. continues to seek "numerical targets" on parts purchases and increasing dealerships while Japan is "not interested" in even discussing such targets, Sakamoto told a news conference.

The document that will be produced is just the normal paper that "sorts out the points of the discussion," because one cannot work on a draft accord "when you do not even have the basis for reaching agreement," he said.

"Regarding the concept of the numerical targets," Sakamoto said, "this position of the Japanese side has not changed at all."

The U.S. denies seeking numerical targets but says the agreement will not work unless it has figures to gauge progress over time.

Sakamoto acknowledged that both sides committed to "objective criteria" in signing the bilateral trade "framework" under which the talks have slogged on for two years. But he said the criteria should be "actual numbers" measuring increased "sales opportunities," not targets for the sales themselves.

No new proposals emerged Monday as the work focused on laying summarizing negotiating positions thus far and the ministers stating their views on the major issues, he said.

U.S. Negotiators Considering Parts Compromise

OW2706051095 Tokyo KYODO in English
0455 GMT 27 Jun 95

[FBIS Transcribed Text] Geneva, June 27 KYODO — U.S. negotiators at auto trade talks with Japan are considering making a compromise proposal regarding parts purchases by Japanese-owned auto assembly plants in the United States, negotiating sources said Tuesday [27 June].

The framework trade negotiations in Geneva are now focused on a U.S. demand that specific numerical targets be set for purchases of U.S.-made parts in connection with plans to boost the production capacities of Japanese-owned assembly plants and to expand the local content ratio in the operations.

Under the proposal, aimed at breaking the impasse in the talks, the U.S. Government would prepare and publish its own estimates on the growth of such purchases.

U.S. Trade Representative Mickey Kantor is likely to weigh the possibility of presenting the proposal to Japan until Washington's deadline Wednesday of imposing trade sanctions against Japan over auto trade, the sources said.

Kantor has stressed in his talks with U.S. Congressional leaders and auto industry executives that there is no change in U.S. negotiating policy at the talks.

Easing of Auto Inspection Rules Considered

OW2706083595 Tokyo KYODO in English
0821 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Transport Minister Shizuka Kamei said Tuesday [27 June] that Japan may ease qualification standards by which garages are authorized to repair or inspect cars.

The government "is now considering reviewing the qualifications for an automobile garage so that a garage may procure a greater volume of U.S.-made auto parts," Kamei told a news conference.

"We have conveyed our readiness to do so to our ministry adviser Masahide Ochi, who is now in Geneva engaging in negotiations" with U.S. trade negotiators over market access for autos and auto parts, Kamei said.

International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor are now holding eleventh-hour talks to break the deadlock before Washington's self-imposed deadline on June 28 for slapping 100 percent tariffs on selected Japanese luxury cars.

Ministry sources said the government is apparently considering easing legal requirements on the two types of government-designated garages.

Currently, government-certified garages that seek only to repair autos must employ at least two mechanics who have passed the state-organized auto repair mechanic certification exam.

Government-designated garages wanting to conduct inspections as well as repairs must employ at least five mechanics, two of whom must pass the same exam.

Kamei told reporters, "If the government takes into consideration increasing convenience for carowners, it is possible to alter the qualification requirements for the government-designated garages."

Washington says decreasing the required minimum number of mechanics would allow many business operators to obtain licenses, thereby encouraging competition and increasing sales opportunities for U.S. auto parts, which are far less expensive than Japanese carmakers' original equipment parts used by garages.

However, Kamei said, "we cannot concede" to another U.S. demand that Japan separate its auto inspection and repair systems by banning designated garages from providing both repair and inspection services. The U.S. wants such garages to offer only one of the two services.

The current system leaves consumers at the mercy of a single garage with strong links to Japanese carmakers and with no chance to shop for competitive foreign alternatives since garages tend to use parts from only their affiliated carmakers, Washington says.

Kamei said splitting the system into two separate functions — one specializing in repairs and the other in inspections — would "undermine the fundamental part of our administration seeking to ensure safety."

Transport Minister Interviewed on Auto Talks

OW2706103795 Tokyo Asahi Newstar Television Network in Japanese 0250 GMT 27 Jun 95

[News conference by Transport Minister Shizuka Kamei with unidentified domestic reporters at the Ministry of Transport on the afternoon of 27 June — recorded; from the "Flash Report: News Conferences" program]

[FBIS Translated Excerpts] [Passage omitted] [Kamei] On Japan-U.S. auto negotiations in which you are interested, Deputy Vice Transport Minister Ochi is now holding vice-ministerial talks with U.S. officials. With regard to issues that fall under the jurisdiction of the Ministry of Transport, our position is that we cannot make any concessions to the United States on issues that involve the basis of Japan's safety standards even if they are raised as trade issues in the Japan-U.S. auto negotiations. It is impossible for us to yield to or go along with the U.S. demand for the separation of auto repairs and inspections. As you know, there are 60,000 private auto repair shops across the country. Our ministry will of course study how private auto repair shops and auto inspection stations should be maintained and how conditions should be created for more use of U.S.-made auto parts in those auto repair shops. Our ministry has kept Ochi informed of our policy. Ochi is now negotiating with U.S. officials in line with the policy. I expect that he will be able to win the understanding of the U.S. officials.

[Reporter] The number of private auto inspection stations is growing. [Words instinct]

[Kamei] With regard to private auto inspection stations, we are in a rapidly changing era, and the social situation in our nation will change considerably. Thus, we have to study how the private auto inspection stations should be maintained before taking into account the various demands of the United States. In fact, we have already conducted studies on the issue. We are going to continue the studies. Ochi is now briefing his U.S. counterpart on our position of continuing the studies. I believe that safety policies and standards are not something that can be dealt with under the guidance of foreign governments. We are going to win the understanding of the U.S. side by explaining our plans to do various things to increase the purchases of U.S.-made auto parts by Japanese automakers. [passage omitted]

[Reporter] [Words indistinct] What will become of this?

[Kamei] Yes, the United States is negotiating with Japan for its own national interests. We believe that Japan-U.S. relations are very important and we must treasure such relations. I think that the United Sates will fully understand our position.

[Reporter] [Words indistinct]

[Kamei] The United States thinks that the existence of the auto repair shops and private auto inspection stations stand in the way of U.S.-made auto parts being sold in Japan. We are going to brief the U.S. side on our plans to bring changes to the shops in order to increase the sales of U.S.-made auto parts in Japan.

[Reporter] Mr. Minister, could you give us an overall outline of the auto negotiations? What about settling the auto negotiations by 28 June?

[Kamei] Minister Hashimoto is now holding talks with U.S. Trade Representative Kantor. Some cabinet members met the day before yesterday at 1930 [1030 GMT] to hold in-depth discussions for one and a half hours. They decided to entrust Minister Hashimoto with the auto negotiations. He has our full trust. I believe that what Japan has insisted on in the auto negotiations is rational. We have insisted on defending the market economy and free trade. Americans, too, have insisted on the need to defend them. There is no reason for the two countries to take different positions. I believe that if both Japanese and U.S. negotiators speak from the standpoint of treasuring their relations, they will be able to find areas of agreement.

[Reporter] Is the Japanese side going to present any compromise proposal?

[Kamei] It is up to Japanese negotiators. Basic matters have been already decided. We have entrusted Japanese negotiators with the auto negotiations.

[Reporter] What is the government going to do if no deal is struck in the auto negotiations?

[Kamei] It is impolite to comment on what will take place from now on. I am not in a position to comment on what the Japanese Government will do if the auto negotiations are not concluded. [passage omitted]

Officials Debate U.S. Aviation, Auto Issues

OW2606151895

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2311 GMT on 24 June, in its regular Sunday magazine "News 2001" program, carries a 32-minute live panel debate on the Japan-U.S. dispute over the aviation accord and the automobile issue.

The debate, moderated by Yuji Kuroiwa, FNN newscaster, is joined in the FNN studio by Shizuka Kamei, transportation minister; Richard Lake, former chief of the U.S. Trade Representative (USTR) Japan Department; Noboru Hatakeyama, former vice minister of international trade and industry; and Kenichi Takemura, the program's regular member and commentator.

Kuroiwa begins the program by explaining how unfair the Japan-U.S. Aviation Accord is and how the dispute originated. Then Kuroiwa asks Kamei why Japan is rejecting the Federal Express request, which is a legitimate right according to the aviation accord. Kamei says: "We are not saying no to them. It is a matter of course for the United States to exercise the beyond rights, according to the accord. However, Article 12 [of the accord] says that both countries are supposed to have discussions on implementation of the rights. Therefore, we are saying, let us talk. However, the United States is asking us to approve the request for opening up the eight flight routes immediately. They are saying that they will have discussions on various problems regarding the aviation accord only after the request is approved. We just cannot accept it." "We do not want to abrogate the accord, if possible, because it will have serious impacts on Japan-U.S. relations."

Takemura points out that the stands of Japan and the United States in the aviation issue are reversed completely over the auto issue, saying: "In the case of the auto issue, the United States is violating the rules. Now, however, the United States is saying that the Transportation Ministry is violating the accord." Kuroiwa then asks: "Are you saying that you are trying to make the accord fair and give the same beyond rights to both sides because the aviation accord is unfair?" Kamei answers: "That is what we are trying to do. We are not calling for a reduced balance. We want an expanded balance. We have no intention of protecting the Japanese airline companies because they are weak compared to American airlines. We are not trying to reduce the American airlines' capability down to that of the Japanese airlines by eliminating [the number of service routes of the United States]. The accord is very unfair in terms of rights and interests. Therefore, we have to secure our rights and interests."

Lake says that "the best thing is to find an agreement and solve the issue through discussions."

Referring to a recent meeting in Washington by Asia-Pacific Economic Council transportation ministers, Kamei says most Asian countries are against the idea of promoting an open-sky policy, which the United States proposed. He says: "To independent nations, aviation is certainly a lifeline." He says: "The United States is saying that it will impose sanctions against Japan unless we approve the eight flight routes. If the United States does what it is saying, we will have no choice but to take punitive actions to get even with them. However, I hope this issue will be settled at the working-level meeting because sanctions will do no good to both sides."

After a brief report by a correspondent in Geneva, Kuroiwa, at 2325 GMT, begins to talk about the Japan-U.S. auto issue and asks Hatakeyama if it is difficult to find a political settlement at the forthcoming Hashimoto-Kantor meeting. Hatakeyama says: "It depends on the United States." He says there will be no room for discussion as long as the United States continues to assume the stand of imposing unilateral measures against Japan.

Asked if the negotiations will break down, Lake says: "No. I think the American negotiators will try until the last moment to find a settlement and that they are negotiating to find out an agreement." On the possibility of the United States seceding from the World Trade Organization (WTO), Lake says: "I am of the view that the U.S. Government will not think about seceding from the WTO even if it loses the case." He then says that if it loses the case, the United States may think the WTO is an organization that does not listen to U.S. opinions and the people may question why the government continues to be a member of such an organization. Kamei says: "It would be a childish act if the United States decides to quit because the WTO decided in Japan's favor."

At 2428 GMT, the topic of discussion changes to close relations between the U.S. Government and private corporations. Kuroiwa takes a suit filed recently by Eastman Kodak Company against Fuji Photo Film Company as an example that shows such a knit structure between the government and private sector. Showing a diagram, Kuroiwa points out that executives and lawyers of Kodak are former USTR officials and that the recent suit was a consequence of employing former government officials who were involved in negotiations with Japan over trade disputes. Asked to comment on this matter, Hatakeyama says: "Generally speaking, I do not think what you have said is correct. However, there may be a case in which an aggressive employer, who wants to do business while keeping relations with Washington, may hire people who have many experiences at the USTR."

Lake says that he can make a diagram that shows names of former Transportation Ministry officials who were appointed to responsible positions in private companies. He says that it is not constructive to say that Kodak is suing Fuji Film for its exclusive business practice because it hired former USTR officials and does not get into the real point of the issue. Hatakeyama says: "I agree with some of the things Mr. Lake said. We should not put the blame on government or USTR officials without discussing the contents of the issue."

The program ends at 2345 GMT.

Tokyo Asked To Help Afghanistan Peace Effort

*OW2406040395 Tokyo KYODO in English
0332 GMT 24 Jun 95*

[FBIS Transcribed Text] New York, June 23 KYODO — The UN special envoy to Afghanistan urged Japan on Friday [23 June] to participate in an international effort, similar to that in Cambodia, to achieve a solution to the civil conflict in Afghanistan, UN officials said.

Mahmoud Mestiri, a former Tunisian foreign minister, made the request in a meeting with Japan's Ambassador to the United Nations Hisashi Owada, the officials said.

Mestiri made the approach to Owada after consultations with UN Secretary General Butrus Butrus-Ghali, the officials said.

The UN Security Council has already given its approval in principle to the concept which has parallels to an earlier UN-backed effort in Cambodia, according to the officials.

In Cambodia, Japan joined a number of other countries in a UN peacekeeping mission which brokered an agreement between the country's warring factions, culminating in elections and the formation of a new government in 1993.

Owada told Mestiri that Japan values UN efforts to achieve peace in war-torn Afghanistan, but avoided a direct response to the request, saying that Japan's participation would depend on a decision made by the Japanese Government, the officials said.

Thousands of people have been killed in Afghanistan in factional fighting for supremacy since Islamic guerrillas took power from a collapsed communist government in April 1992.

The officials said Owada told Mestiri that Japan will exert efforts toward a resolution of the conflict in Afghanistan.

Countries involved in the proposed international effort would include the United States and Russia, and neighboring countries, including Pakistan, India and Iran, the UN officials said.

In addition to placing political pressure on factions in the conflict, the international effort would include the mounting of a comprehensive peace process, an international peace conference, and preparations for assisting in the economic recovery of the country.

Under the proposal, political officers would also be based in three Afghanistan cities which serve as bases for the three main warring factions. They would liaise between the factions and facilitate negotiations between them. The plan includes a request for the dispatch of personnel from France and Germany, the officials said.

The UN is drawing up a plan to initiate the setting up of a provisional assembly to include each faction, to shift power from President Burhanuddin Rabbani and to carry out general elections, but the mounting of a peacekeeping operation is not under consideration, they said.

Akashi, Kono on UN Peacekeeping Coordination

*OW2606142895 Tokyo KYODO in English
1016 GMT 26 Jun 95*

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Yasushi Akashi, head of the UN peacekeeping mission in the Former Yugoslavia, and Foreign Minister Yohei Kono agreed Monday [26 June] on the importance of coordinating policies among the UN peacekeepers and the "peacemakers" of the contact group, a Foreign Ministry official said.

Akashi and Kono discussed the issue during a 40-minute meeting at the Foreign Ministry, the official said.

The so-called contact group comprises Britain, France, Germany, Russia and the United States.

Akashi, predicting that the situation in Bosnia-Herzegovina will reach a climax in the next few months, voiced expectations that the appointment of former Swedish Prime Minister Carl Bildt as the new co-chairman of the international conference on Former Yugoslavia will "provide momentum" to achieving peace in the Former Yugoslavia.

Kono praised the UN mission chief's efforts in releasing all of the more than 100 UN peacekeeping personnel held hostage by Bosnian Serbs, the official said.

Akashi, in Japan on a weeklong vacation through Saturday, is expected to meet Prime Minister Tomiichi Murayama on Tuesday.

Tokyo Agrees To Join UN Economic Commission

*OW2606132495 Tokyo KYODO in English
1201 GMT 26 Jun 95*

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Japan will join the United Nations Economic Commission for Europe as part of its deregulation in automobile trade, Transport Ministry officials said Monday [26 June].

The officials said the decision will be made known at a plenary session of the commission to be held in Geneva on Tuesday.

The commission set up under the 1958 agreement sets standards for automobiles.

When Japan will join the commission will be decided by the end of this year, the officials said.

Japan's accession will result in simplifying the procedures to obtain automobile type certificates among member nations.

The officials said Japan has already modified standards for 41 passenger car parts, including the brake system and seat belts, to meet the specifications set by the commission.

Currently, it takes almost two months for newly imported cars to hit the Japanese market, they said.

The period will be shortened dramatically when Japan accedes to the commission, the officials said.

German Firm Applies for International Phone License

OW2606145495 Tokyo KYODO in English 0935 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Deutsche Telekom K.K. has applied for approval of its plan to start an international leased circuit telephone service between Japan and Germany next month, government officials said Monday [26 June].

The officials said the Japanese subsidiary of the giant German telecom firm filed the application with the Posts and Telecommunications Ministry on Monday.

If approved, the company will be the first foreign value added network service provider to enter Japan's telecom market following the liberalization of international leased circuit voice services in April, the officials said.

Under the plan, they said the German firm will lease international and domestic telephone lines for resale to local enterprises at prices about 10 percent lower than those charged by Japan's leading international telecom giant KDD.

They said the German company hopes financial institutions will be its main customers.

Deutsche Telekom was licensed by the Postal Ministry in 1993 to begin the value added network service.

Foreign Envoys Asked To Cooperate With KEDO

OW2506173395 Tokyo SANKEI SHIMBUN in Japanese 22 Jun 95 Morning Edition p 5

[FBIS Translated Text] On 21 June, the government invited ambassadors and delegates in Tokyo from 28 countries and organizations, including those from Asia, to the Foreign Ministry and asked them to join the Korean Peninsula Energy Development Organization (KEDO) and provide financial aid to the organization. This is the first time the government asked foreign ambassadors and delegates in Tokyo to cooperate with KEDO. The request was made in response to a virtual accord between the United States and North Korea that KEDO will provide Pyongyang with "South Korean" reactors, and it is aimed at lightening Japan's financial burden in promoting the KEDO project.

In addition to Japan, the United States, and South Korea, countries which have so far indicated their intention to participate in KEDO and extend financial aid to the organization include Australia, New Zealand, Singapore, Britain, and Finland, according to the Foreign Ministry.

Talks With DPRK on Rice Aid Held 27 Jun

Policy Considerations Outlined

OW2706002595 Tokyo KYODO in English 0007 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — The Japanese Government again held policy discussions Tuesday morning [27 June] on the dispatch of rice to North Korea to relieve the food shortage there, and may hold working-level talks with North Korean officials later in the day, a government source said.

Government policy remains undecided as the offering of food aid to a country with which Japan does not have diplomatic relations is unprecedented, the source said.

The government originally expected to reach an accord with a North Korean delegation by Tuesday, when the delegates were scheduled to leave Tokyo. But when the two sides failed to reopen talks after they were suspended Sunday afternoon, the North Korean delegation decided to extend their stay in Japan until Saturday.

On Monday, government sources said Japan has decided to offer North Korea around 300,000 tons of rice as initially planned, about 150,000 tons of which would be given free of charge.

At one time, the government considered offering about 400,000 tons of rice, but went back to the initially planned amount after consultations among relevant ministries and agencies including the Foreign Ministry and the Food Agency, the sources said.

When deciding how much rice to send to North Korea, Tokyo also took into consideration South Korea's position, they said.

As a result it was decided that the rice to be given free to North Korea should not exceed 150,000 tons, the amount which South Korea is to offer North Korea free of charge, they said.

The remaining amount of rice from Japan is expected to be supplied under a long-term repayment plan at an annual interest rate of between 2 to 3 percent with a 10-year grace period, they said.

North Korea says its food shortage is due to bad weather. The North Korean delegation has requested Japan to offer 1 million tons of rice, with 300,000 tons as free aid and 700,000 tons bought with loans at low interest rates, according to the sources.

The delegation, headed by Yi Chong-hyok, arrived in Tokyo on Friday for talks with Japanese politicians from the ruling coalition parties and with Japanese Government officials.

Senior officials from the Foreign Ministry and the Food Agency met the North Korean delegates over the weekend but the talks have been suspended since Sunday, with the two sides failing to narrow their differences.

On Monday night, Prime Minister Tomiichi Murayama met Foreign Minister Yohei Kono, Chief Cabinet Secretary Kozo Igarashi and other officials and confirmed the Japanese Government's stance on the rice aid to North Korea.

Vice Foreign Minister Kunihiko Saito told a press conference earlier Monday that it is "difficult" to offer rice using official development assistance (ODA) to North Korea because of the lack of diplomatic relations, but added that other ways would be considered.

Possible alternatives include offering free rice through bodies such as the International Red Cross Society, the World Food Program and the UN Food and Agriculture Organization, the government sources said.

The main opposition party, Shinshinto (New Frontier Party), issued a statement calling on the government to make sure that the rice to be provided to North Korea will not be used for the military.

The aid should be supplied "only for civilian use from a humanitarian point of view," the statement said.

Former Foreign Minister Michio Watanabe said in a speech in Gifu Prefecture that South Korea has offered to send 1 million tons of rice to North Korea, and urged the Japanese Government to make an early decision on the issue.

Watanabe also said South Korea will have to procure rice from a third country since it has no large surplus from which to supply to North Korea.

Watanabe, a senior member of the dominant coalition partner Liberal Democratic Party, headed the ruling coalition's mission to North Korea in March.

Working-Level Talks Resume

OW2706094995 Tokyo KYODO in English
0929 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Japan and North Korea resumed working-level talks Tuesday [27 June] evening on Japanese rice aid to Pyongyang, but it remains uncertain whether they can reach agreement in the day, Japanese officials said.

Japanese negotiators will make an offer to provide North Korea with 300,000 tons of rice, including 150,000 tons as grant-in-aid, or free of charge, and to provide an additional amount in a second batch, they said.

The grant-in-aid portion will be provided through the Japanese Red Cross Society as Tokyo has no diplomatic ties with Pyongyang, the officials said.

The remainder will be provided under a 30-year repayment contract, with a 10-year grace period, they said.

The Japanese side will make the offer on condition that North Korea provide information on its food shortage and does not use the rice for military purposes, two clauses rejected by North Korea so far, they said.

The offer was decided upon at a meeting involving Prime Minister Tomiichi Murayama, Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura, farm minister Taichiro Okawara and Chief Cabinet Secretary Kozo Igarashi.

But the proposed offer falls short of the million tons requested by North Korea.

Citing a weather-induced food shortage, a North Korean delegation visiting Tokyo has requested Japan to offer 1 million tons of rice, with 300,000 tons as free aid and 700,000 tons bought with soft loans, according to government sources.

The talks between the two sides were suspended Sunday afternoon, dampening hopes that they would reach agreement by Tuesday, when the North Korean delegation was slated to leave Tokyo, the sources said.

At one time, Japan had considered offering about 400,000 tons of rice, but went back to the initially planned amount of 300,000 tons in view of the 150,000 tons South Korea is to give the north free of charge, they said.

The North Korean delegation, headed by Yi Chong-hyok, arrived in Tokyo last Friday.

Yi told reporters before entering the negotiating room that he wants to see negotiations end in an agreement on Tuesday.

Asked whether he expects to win a Japanese offer to provide 3 million tons of rice, Yi said it depends on negotiations whether the offer will be 300,000 tons or 3 million tons.

He did not elaborate further.

North Korea has reportedly asked South Korea to provide up to 3 million tons of rice to make up for the country's food shortage.

DPRK's Yi Says Agreement Reached

OW2706124095 Tokyo KYODO in English 1228 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Japan and North Korea have struck a deal on Japan's rice aid to help alleviate North Korea's food shortage, the leader of the Pyongyang delegation said Tuesday [27 June].

Yi Chong-hyok, emerging from the working-level talks over the issue, told reporters that an agreement has been reached and he is satisfied with the outcome.

The contents and formula of the agreement will be announced by the Japanese Government Wednesday, Yi said.

A Japanese Foreign Ministry official, however, refused to confirm the agreement, only saying that both sides will meet again at 10:00 A.M. Wednesday.

The negotiations have hit a snag as Japan's offer of 300,000 tons of rice fell far short of North Korea's request for 1 million tons, with 300,000 tons as free aid and 700,000 tons bought with soft loans.

It is not yet clear whether Japan offered to increase the amount during the talks Tuesday.

The North Korean delegation arrived in Tokyo last Friday for negotiations on the diplomatically sensitive issue.

ROK Envoy Praises Rice Talks With DPRK

OW2706084895 Tokyo KYODO in English 0718 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — South Korea's envoy to Japan gave high marks Tuesday [27 June] to Japan's negotiating tactics with North Korea on rice assistance, praising Tokyo for seeking Pyongyang's assurances that it will not use the offered rice for military purposes or sell it to other countries.

Ambassador Kim Tae-chi made the remarks on Japan's ongoing rice negotiations with North Korea in a speech at a luncheon meeting of the Research Institute of Japan held at a Tokyo hotel.

The South Korean envoy particularly lauded Japan for pressing North Korea to offer information on its food shortage and how much rice it needs, and to assure Japan that it will not sell the Japanese rice or use it for military purposes.

South Korea was unable to adopt such a tactic from an emotional point of view because South and North Korea are "brothers," he said.

He described North Korea as South Korea's "ill-mannered kid brother" and said South Korea cannot stand watching ordinary citizens in the north suffer from food shortage.

Pyongyang agreed last week to accept 150,000 tons of free rice from South Korea.

Following the inter-Korean accord, Japan entered negotiations with North Korea on rice aid. It is to offer 300,00 tons of rice, 150,000 tons of which will be free of charge.

Kim said 150,000 tons of rice is enough to feed some 22 to 23 million people for about a month, and for a few months if used economically.

So if Japan provides 150,000 tons for free and offers more under a long-term repayment plan, and if south korea provides additional rice, the food condition in North Korea will greatly improve, he said.

Concerning questions about whether it is right to offer rice to North Korea and help it stabilize its administration, Kim said it is necessary to eliminate factors for tensions in the region and bring the north to the international arena.

It is important to have North Korea open up and "act normally" like other countries to ensure peace and security of the region, he said.

Editorial on Significance of Rice Aid to DPRK

OW2706014795 Tokyo ASAHI SHIMBUN in Japanese 24 Jun 95 Morning Edition p 5

[Editorial: "Make Rice Aid Serve As Cue for Dialogue"]

[FBIS Translated Text] North Korea, which is being plagued by a food shortage, has agreed to accept 150,000 tons of free rice from South Korea. The two Koreas are scheduled to hold further talks in mid-July.

Following this South-North agreement, Japan has decided to ship its surplus rice to North Korea. Prime Minister Murayama told a press conference, "We would like to normalize our relations with Pyongyang as soon as possible."

If this humanitarian rice aid will ease the hunger of the people of North Korea in any way, we would be delighted. At the same time, we hope this will help improve South-North relations and lead to normalization of Japan's relations with North Korea.

Little is known of North Korea's real food situation. The Bank of Korea estimates last year's rice production at a mere 1.5 million tons, whereas the total demand is said to be more than six million tons a year. Even adding corn and other grains as substitutes, the volume is still short of the total need.

Pyongyang had repeatedly rejected Seoul's offers of food aid, claiming it had enjoyed "bumper crops" in 1993 and 1994. However, defectors from North Korea swear that there is an ongoing campaign to cut down meals from three a day to two, and that the "rice" rationed to the public is nothing but cornmeal formed into pellets to resemble rice. We believe it is reasonable to assume that North Korea's food shortage is chronic.

When Pyongyang asked Japan last month to lend surplus rice, the situation must have been really desperate. In January 1994, the Pyongyang Broadcasting Station aired the comment, "One can renounce most material needs, but hunger is not something one can tolerate."

The first anniversary of the death of leader Kim Il-song is early next month. It is possible that Pyongyang authorities mean to time the distribution of rice to the people with that occasion, so that Secretary Kim Chong-il's leadership may be consolidated.

Whatever the motive, however, rice has a strange power, and it was rice that prompted a South-North thaw in the mid-1980's. When South Korea had a devastating flood in 1984, North Korea handed its donation of rice to South Korea at the Panmunjom truce village. Although the rice was old, some people who were originally from the North were reportedly touched to tears by this rice from home. This prompted a dialogue between the Red Cross organizations in both countries, and in 1985, families that had become separated by the Korean War had historic reunions by visiting one another in Pyongyang and Seoul.

We sincerely hope that the latest agreement on rice will serve as the cue for true dialogue.

It was wise of Japan to have consulted with Seoul as soon as the request for rice was received from Pyongyang, so that Seoul would be the party to initiate anything. And this led to the South-North talks and the resultant agreement in Beijing. Japan should continue to work in concert with South Korea and maintain its stance of supporting South-North dialogue from the sidelines.

It is a fact, however, that there is deep-rooted distrust of North Korea among the Japanese public.

Although the recent agreement between Pyongyang and Washington has paved the way for resolution of the light water reactor issue, the suspicion that Pyongyang may go ahead with the development of nuclear weapons has not been completely erased. And there are some people who claim that North Korea is developing long-range missiles that can reach Japan.

There are just too many unknowns about what is taking place inside the dictatorship in North Korea. Some people object assisting such a nation for this reason.

Still, when our neighbors are suffering from hunger, we ought to be spontaneous in our desire to help. We would be contributing to peace in East Asia by supporting North Korea economically and persuading it to stop its questionable nuclear programs and missile development and try instead to join the international community.

South Korea and Japan are offering their rice purely out of goodwill. We ask the authorities in Pyongyang to tell their people where the rice came from, and explain how we feel.

Political Exiles Discuss Situation in DPRK

OW2706024395 Tokyo SANKEI SHIMBUN in Japanese 24 Jun 95 Morning Edition p 4

[Interview with Kang Sang-ho, chairman of the Korean Democratic United National Salvation Front of the North Korean government in exile; and Pak Kap-tong, permanent chairman of the same front, place and date not given; by SANKEI SHIMBUN editorial staff correspondent Hiroaki Saiki]

[FBIS Translated Text] Kang Sang-ho, age 86, chairman of the Korean Democratic United National Salvation

Front of the North Korean government in exile, who came from Russia to visit Japan for the first time; and Pak Kap-tong, age 76, permanent chairman of the same front who is living in Tokyo, recently granted an interview to SANKEI SHIMBUN and commented on North Korea (DPRK), explaining the view that the DPRK "failed in implementing policies and so a political change will take place in three years." Moreover, they clarified that Russia, in order to redress the human rights of North Korean loggers in Siberia, signed a new contract with North Korea this year and introduced improvement measures designed to ban arrest and torture of the loggers by North Korean authorities.

[Saiki] What do you think of the situation in North Korea?

[Kang] Due to opposition from high-ranking officials, Kim Chong-il is unable to succeed to the post of party general secretary and national president. The administration is unstable.

[Pak] The North's policies have failed. I am of the view that a political change will take place in three years. Kim Il-song was a charismatic figure. But Kim Chong-il is an unworthy son. He is isolated in international society and no country truly wants to help him.

[Saiki] What is your reason for saying "in three years"?

[Pak] Although Stalin in Russia nominated Malenkov as his successor, he was ousted in three years. China's Mao nominated Hua Guofeng. But he was ousted too. The top leaders appointed these men because they were weak. Without exception, appointed leaders do not last long in autocratic states.

[Saiki] Can you explain about the Democratic United National Salvation Front?

[Pak] There are branch offices in the three countries; Japan, Russia, and China. We have organizations in Moscow, Khabarovsk, Sakhalin, Alma Ata, Tashkent, and other cities. We have a total of 400 members including bereaved families.

[Saiki] What about the influence power of the organization in exile?

[Kang] I hold the posts of principle at the KWP's Central Party School and the Senior Cabinet Members' School. Some of the members of the Political Committee and the vice premier were my students. In Tashkent, one of my former students was a president of the Army Academy and some of them became generals. They will immediately respond to a request if the Kim Administration is ousted.

[Saiki] The food situation in North Korea is severe.

[Kang] It is not difficult to solve the rice issue in the North. What you have to do is to reduce the military expenses and invest in agriculture instead, downsize the military with its 1.5 million soldiers and send the young people back to their home towns. Policy failure created the current sad plight.

[Saiki] What about the human rights situation?

[Kang] The oppression of human rights started on the day Kim Il-song took power. In the 60s and 70s, political prisoners were shot to death on order of Kim Il-son without a trial. The current political prisoners are not people who opposed the party policies. They expressed their dissatisfaction because, among other things, they were hungry, did not have freedom to travel, and could not meet their relatives. The government systematically detained them.

[Saiki] The issue of the North Korean loggers in Siberia is a target of international criticism.

[Kang] The North and Russia need lumber. They have been using North Koreans workers because Russian workers do not want to go deep into Siberia. The North Korean Department for Social Safety [Shakai Anzenbu] had been keeping an eye on logging until last year, in place of law. In jails and prisons in the logging areas, questioning and torture took place and some of the loggers were taken back home and imprisoned.

Russia was busy with its own domestic issues until last year, and settlement of human rights issues were neglected. This year, however, Russia and North Korea signed a new contract and North Korea no longer can arrest or torture the loggers, or do other things as they please in the Russian territories. Regardless of the reality, they will be judged by Russian laws in Russia.

[Saiki] The demands of the Japanese Government over human rights issues — including the issue of Japanese who were kidnapped and taken to the North, and the issue of North Koreans who returned to North Korea — are moderate.

[Kang] Is Japan not a democratic nation? We want Japan to help us protect the human rights of the North Korean people who are suffering in the lawless country. We hope that Japanese politicians will buckle down on the issue of human rights for North Koreans who returned home, do reasonable things as citizens of North Korea's neighboring country, and speak out courageously.

Prospects for Normalization Talks With DPRK

OW2606151395 Tokyo ASAHI SHIMBUN in Japanese 25 Jun 95 Morning Edition p 3

[FBIS Translated Text] Hiromoto Seki, a Foreign Ministry official and government representative for the negotiations on normalizing diplomatic relations with the DPRK (North Korea), gave a speech in Fukuoka on 24 June.

It is observed that North Korea seems to be shifting to the line of promoting international cooperation. Touching on this observation, Seki said: "Their true intention remains unknown." In this way, he expressed his doubt about this shift. As for the talks on normalizing diplomatic relations expected to resume soon, he said: "It is not that easy." With these remarks, he stresses that even if the talks are resumed, we cannot be optimistic about the development.

Then, citing such examples as the U.S.-DPRK agreement on the supply of light-water reactors last fall, on the recent South-North accord on rice aid, and the start of the Japan-DPRK conference over rice aid, Seki points out that "many indications have been noted recently that North Korea is shifting its stance." However, he presented the fact that "not a single line has been reported in North Korean papers about rice aid from South Korea." He added: "Perhaps even North Koreans themselves are not aware that a shift is actually in progress."

Environment Mission Seeks Cooperation in PRC

OW2606151195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jun 95 Evening Edition p 2

[FBIS Translated Text] The government plans to dispatch a large-scale mission to China for the first time on 25 June to promote economic cooperation with China, particularly in the environment field. The 31-member mission will include officials from seven ministries and agencies, such as the Foreign Ministry and the Environment Agency, as well as staff members of three local governments — Hiroshima Prefecture, Hiroshima city, and Kitakyushu city — and other organizations such as the Japan-China Economic Association. So far, Japan has been promoting cooperation with China in the field of social infrastructure, such as the railway and power industries. However, Japan plans to shift its emphasis to such environmental fields as prevention of acid rain and air pollution. Therefore, the mission will make a preliminary study of prospective fields of cooperation.

On 26 and 27 June, the mission members are scheduled to hold consultations in Beijing with a Chinese Government delegation from such agencies as the State Planning Commission on the current environmental situation in both countries and also on future environmental policies.

The mission will try to find out in what projects Japan will be able to cooperate with the Chinese Government through Official Development Assistance (ODA) funds. Projects are expected to cover such fields as air pollution, acid rain, water contamination, waste material disposal, and the natural environment. Later on, the mission will tour six cities suffering from serious environmental problems — Chongqing, Chengdu, Guiyang, Shenyang, Benxi, and Dalian. The mission is expected to return home on 5 July.

NFP Urges Kono To Admit Li for APEC Forum

OW2706113795 Tokyo KYODO in English 1055 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Pro-Taiwan Diet members in Japan's leading opposition party Shinshinto (New Frontier Party [NFP]) called on Foreign Minister Yohei Kono on Tuesday [27 June] to allow Taiwan President Li Teng-hui to attend the Asia-Pacific Economic Cooperation (APEC) forum Osaka summit in November.

But Kono indicated that Li's attendance at the summit is not under consideration.

Kono told the delegation from the 97-member group within the party that he wants Taiwan to participate on the same terms as in the two previous annual APEC summits in Seattle in the United States in 1993 and Bogor in Indonesia in 1994, when Taiwan was represented by an economic minister.

China regards Taiwan as a renegade province and actively lobbies against its participation as a sovereign state in international economic and political forums like APEC.

But the delegation told Kono that Taiwan has a major economic role in Asia and should be allowed to participate in the APEC meeting which will debate the economic problems of the region.

They also told Kono that Li should be allowed into Japan because he wants to visit his Japanese alma mater Kyoto University to attend a reunion of former classmates.

Government Releases Pump-Priming Package

OW2706054195 Tokyo KYODO in English 0521 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — The government released a new set of measures Tuesday [27 June] to bolster the fragile economic recovery, ranging from ways to revitalize the slumping stock market to the study of using public money to help banks get rid of their bad loans.

These measures were announced as fears mounted that the nation's economy may dip again into recession.

A recent series of pessimistic economic statistics and trends have cast a shadow over the government's scenario of putting the economic recovery on a stable growth track.

The bad news includes still-sluggish industrial output, a soft real estate market, worsening unemployment, the strong yen and the long-lasting doldrums in stock prices.

But the latest package appears focused on reinforcing or implementing measures already envisaged in an emergency yen-curbing economic package adopted in April.

The new package comprises four major pillars — measures to buoy up the financial and securities markets, stimulation of domestic demand, structural reforms of Japan's economy and steps against the still-high yen.

The package declared an immediate study of using public money as a means to expedite the disposal of nonperforming loans of financial institutions, a proposal not included in the April yen-curbing package. This measure is intended to help restore public confidence in the battered financial system following the burst of the "bubble" economy.

The package includes advanced implementation of public works projects, acceleration of the government's deregulative program, an early holding of job-creating councils and continued enforcement of special tax cuts in 1996.

It also calls for quantitative goals to be shown as much as possible in an action plan for the government's new six-year economic program, as a way to rectify Japan's high-cost economic structure.

It proposes conducting immediately annual surveys on price gaps between home and abroad, and drawing up guidelines for greater foreign access to Japan's market at an import council meeting in the fall.

Also in the package are additional steps for liquidation of real estate held as collateral by financial institutions and reform of the deposit insurance corp.

The package, however, fell short of including such measures as relaxation of the securities transaction tax and landholding tax, for which the business community has called to prevent further falls in the stock and real estate markets.

As a measure to reactivate the stock market, the package proposes a temporary suspension of the taxation on profits accruing from companies' purchases of their own shares. Such profits are viewed as dividends paid to shareholders because the buying of their own shares results in a higher capital per share for companies concerned.

It also includes the creation in July of a "second over-the-counter market" to enable stock trading of loss-making but promising venture companies.

The government will adopt easier rules, probably in August, for stock trading on credit, to help lure individual investors back to the market.

To shore up domestic demand, the package calls for "front-loading" of more than 75 percent of public works projects funded in the initial fiscal 1995 budget in the first half of the fiscal year, except for areas hit by the Jan. 17 Kobe earthquake.

Steady and quick implemenation of steps envisaged in the first supplementary budget for fiscal 1995, enacted in May, is also called for.

The government clarified in the package that it will formulate a second extra budget in the second half of this fiscal year to keep stimulative steps working without interruption.

The package also confirmed continuation of special tax cuts worth 2 trillion yen into fiscal 1996, unless economic conditions turn better.

Last September, the government decided to continue income tax cuts through a two-tier method — 3.5 trillion yen in cuts through overall tax system reforms as a permanent step, and 2 trillion yen in cuts as a special measure for 1995 and 1996 with proviso that the 1996 cuts are subject to economic conditions.

To tackle the unemployment problem, councils will be set up at the prefectural level in July to secure job creation, while major industrial groups will be recommended to expand employment of workers.

A survey will be made as early as in July to assess how much of the windfall profits from the strong yen has been passed on to general consumers.

To smooth economic restructuring, the government will write its first white paper on deregualtion in July and materialize steps shown in the current three-year deregulative program by the end of December, according to the package.

Highlights Outlined

OW2606231895 Tokyo KYODO in English
2258 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — The following are highlights of a new pump-priming package expected to be released by the government Tuesday [27 June].

- Front-loading over 75 percent of public works projects earmarked in the original fiscal 1995 budget into the first half.
- \Continuing to carry out special tax cuts of 2 trillion yen in calendar 1996 unless the economy turns better.
- \Creating a second 'over-the-counter market' to enable share trading of loss-making but promising venture companies.
- \Freezing taxation on profits earned by investors that are virtually regarded as dividends, in connection with companies' buying of their own shares.
- \Reviewing the government's three-year deregulatory programs from fiscal 1995 at the end of the year.
- \Crafting new guidelines in the fall for greater foreign access to Japan's market.
- \Conducting a survey on price gaps between Japan and abroad every year.
- \Offering quantitative goals as much as possible in an action plan intended to rectify Japan's high-costing economic structure under the government's new six-year economic program.
- \Writing the first white paper on deregulation in July.
- \Creating a council in July to tackle job problems at prefectural levels.
- \Providing additional measures to liquidate frozen real estate put up as collateral.
- \Reforming an overall framework of deposit insurance Corp. For submission to the next ordinary parliamentary session.

Murayama Supports Package

OW2706074895 Tokyo KYODO in English
0644 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Prime Minister Tomiichi Murayama on Tuesday [27 June] renewed his determination to get Japan out of its economic doldrums with flexible measures to spur domestic demand and restructuring of the economy.

"While the nation's economy is generally on a gradual path to recovery, prospects for its future course is increasingly being clouded, due in part to the yen's rapid gains," the premier said at the outset of a special meeting of economic ministers.

To dispel concerns over the state of the economy in the immediate future and ensure the nation's economic recovery, he said, the government must act as one to implement a new set of pump-priming measures.

At its extraordinary meeting that followed, the cabinet approved the fresh stimulative measures centering on the front-loading of public works projects for fiscal 1995 in the first half of the fiscal year, and the fleshing out of a package announced in April aimed at countering the yen's steep climb.

Chief Cabinet Secretary Kozo Igarashi, the top government spokesman, told a news conference later that implementation of more than 75 percent of public works projects earmarked for the fiscal 1995 state budget in the first half of the year will give a big boost to the economy.

As another major economic stimulus, Igarashi said, the government will formulate a second supplementary budget for the current fiscal year at an appropriate time. He declined comment on the specific timing and size of the anticipated extra budget, however.

Mixed Reaction From Businessmen

OW2706084995 Tokyo KYODO in English
0651 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Japanese business leaders showed mixed reaction to the government's new pump-priming package released Tuesday [27 June].

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, praised the package, saying it backs up economic stimulus measures the government announced in April to deal with adverse effects of the yen's surge on the foreign exchange market.

Jiro Nemoto, president of the Federation of Employers Associations (Nikkeiren), said the new package was not strong enough to cope with slow U.S. economic recovery, a slump in the Japanese stock market and the yen's surge.

Nemoto, however, welcomed plans to front-load public works spending and to compile a second supplementary budget for fiscal 1995 as part of the package.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), supported proposals in the package to create a second over-the-counter stock market and to suspend the taxation on profits accruing from companies' purchases of their own shares.

Shoichiro Toyoda, chief of the Japan Federation of Economic Organizations (Keidanren), criticized the package for neglecting the importance of measures to soften the tax burden on business firms and securities investors.

"I deeply regret the fact that the government has failed to take sufficient measures to ease tax burdens, such as a cut in the corporate income tax rate and the abolition of the securities transactions tax," he said.

However, toyoda commended the government for deciding to freeze taxation on a theoretical increase in a shareholder's profits accruing from a company's purchases of its own company shares.

He also lauded the government for "starting considerations" of a proposal to use public funds to help financial institutions write off their huge nonperforming loans.

He also urged the government to implement the proposed abolition and the easing of government regulations on economic activities, while seeking compilation of a "large-scale" second supplementary budget.

Economic Package Includes Easing Margin Trade

OW2706053095 Tokyo KYODO in English 0508 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — The Finance Ministry on Tuesday [27 June] announced a set of measures to relax the rules on margin trading as part of efforts to help attract individual investors back to the stock market.

The measures, contained in the government's new pump-priming package released Tuesday, are intended to pull the stock market out of its long slump by making margin trading easier, ministry officials said.

They noted that individual investors conduct 70 percent of margin trading, which accounts for about 15 percent of Japan's overall stock transactions.

The measures, probably to be introduced in August, include an increase of about 100 issues in the number of stocks eligible for margin trading on the Tokyo Stock Exchange from the current 1,364 issues, the ministry said.

The number of stocks subject to borrowed trading will be expanded to 988 from the current 888, it said.

In addition, issues which have previously been subject to margin trading but not to borrowed trading will become eligible for both types of trading, the ministry said. About 500 issues are now in that category.

The ministry said it will also relax the rules which restrict overheating of margin trading. Specifically, it will instruct securities finance companies to adopt easier standards for issuing warnings to investors not to trade, the officials said.

The ministry will also make it easier for securities finance companies to secure shares to be used for margin and borrowed trading by expanding the scope of such sources to foreign investors and investment trust funds.

Other measures include subjecting to borrowed trading a new investment trust fund linked with the Nikkei 300 index, listed in Japan's major securities markets in May, the ministry said.

Excludes Controversial Tax

OW2606132595 Tokyo KYODO in English 1157 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — The government will release a new set of measures to make the flagging economic recovery in Japan certain, including a temporary freeze in the controversial taxation in connection with companies' buying of their own shares, government sources said Monday [26 June].

The package is intended to give concrete shape to the April measures meant to prevent the yen's further gain against the dollar, rather than crafting completely fresh steps.

The package will comprise two main pillars — advanced implementation of 45 trillion yen of public works projects earmarked under the original fiscal 1995 budget and ways to stimulate the long-slumping stock market, the sources said.

These measures will be formalized at Tuesday's cabinet meeting after being approved at an unscheduled meeting of economic-related ministers earlier in the day, the sources said.

A major pillar of the package is a temporary freeze in taxation on unsubstantial dividends that is applied to profits accruing from companies' purchases of their own shares.

The Finance Ministry regards such profits as dividends paid to shareholders because the purchases of one's own shares result in a higher capital per share for companies concerned.

As a way to clear the way for corporations to buy their own shares and thus revitalize the stock market, the business community has called for a tentative freeze in the taxation, introduced last October.

Whether or not the suspension of the tax will continue even after a certain period will be decided by discussion by the ruling coalition parties and the government's tax commission, the sources said.

Other measures to be included in the package will be the creation of the "second" over-the-counter market designed to enable stock trading of companies in the red and the "ministock market" meant for investment by smaller investors by cutting a minimum trading unit by one-10th, the sources said.

As for fiscal measures, the package will include front-loading of 75 percent of public projects funded in the initial fiscal 1995 budget in the first half, they said.

The package is also expected to call for an early implemenation of steps envisaged in the first supplementary budget for fiscal 1995, enacted in May.

As a way to keep infusing stimulus steps throughout the entire year, the government will also clarify its policy of formulating the second extra budget in fall, they said.

On whether or not to issue deficit-covering bonds to finance the second extra budget, a tug of war is still going between the ruling coalition parties, which want them spelled out in the coming package, and the Finance Ministry, which is opposed to the idea, the sources said.

'News Analysis' Views Economic Stimulus Package

OW2706131495 Tokyo KYODO in English
1251 GMT 27 Jun 95

["News Analysis" By Takehiko Kajita and Keiko Tatsuta: "Japan's New Stimulus Measures Seen as a Letdown"]

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Japan's fresh economic measures announced Tuesday [27 June] were a letdown rather than cause for optimism in regards to long-awaited economic recovery.

The question now concerns what the government will do next to lift the country out of its doldrums.

Amid widespread fear of a potential dip into another recession, the government barely managed to cobble together a new package of economic support measures at the behest of Prime Minister Tomiichi Murayama.

But it appears to have fallen far short of expectations of bold action to address the yen's relentless gains and a dismal stock market.

A major pillar of the package is consideration to be given to the use of public funds to help mop up trillions of yen in nonperforming loans held by lending institutions.

It is uncertain, though, how far the government can go in funneling public money to solve banking woes and return the nation to a steady path of economic recovery.

"This is not a particularly forward-looking move," said a Finance Ministry official, who spoke on condition of anonymity, attempting not to inflame those who are cynical about the use of public funds to rescue the banking industry.

To combat falling stock prices, the new scheme calls for a temporary freeze in taxing companies' buybacks of their own shares.

When a company repurchases its own shares, the value of the remaining shares increases. This is currently looked upon as a "presumed" dividend to remaining shareholders, which results in a heavy tax burden on institutional investors and leaves them reluctant to buy back their own shares.

Another key step to bolster the floundering stock market is the creation of a new over-the-counter market in July to allow venture-capital and high-technology firms that are losing money to generate funds.

Despite the rescue steps, the stock market remained unimpressed, with share prices continuing to fall Tuesday in Tokyo. The benchmark Nikkei stock average dropped below the psychologically important 15,000 level, finishing at 14,759.05, down 386.31 from Monday.

Behind the negative market reaction appears to be the government's failure to abolish or lower the securities trading tax, a move that would encourage the return of investors and revitalize the sagging market.

"Stock prices have dropped too much," said Noriko Konya, chief economist at Japan Securities Research Institute. "The question of how to dispose of problem loans will resolve itself once thorough measures are taken to revitalize the stock market."

The package pledges to implement more than 75 percent of the 45 trillion yen in public works spending earmarked for fiscal 1995, which began April 1, in the first half and speed up disbursement of public works projects incorporated in the first extra budget for the year.

It also makes clear the policy of formulating the second supplementary budget in fall.

Although strident calls were made for an extra budget of up to 10 trillion yen, Chief Cabinet Secretary Kozo Igarashi, top government spokesman, said, "the exact timing and size of yet another extra budget will be decided in the not-too-distant future after judging the overall situation."

One piece of good news is that Finance Minister Masayoshi Takemura has expressed readiness to use deficit-financing bonds in the expected supplementary budget even in the face of severe financial difficulties.

Continued enforcement of a special tax reduction worth 2 trillion yen into 1996, coupled with other stimulus measures, is also intended to boost consumer spending.

But the prospect for economic health remains grim due to a number of factors continuing to weigh down recovery. In the year's first quarter, the economy grew by a paltry 0.3 percent on an annualized basis.

"The nation is already half in a deflationary phase," said Nobuyuki Saji, senior economist at Nikko Research Institute, suggesting the government resort to drastic spending steps to counter the deflationary effect and fuel growth.

Study Shows High Yen Changing Export Structure

OW2706012395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Jun 95 Morning Edition p 3

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has made an analysis of what impacts the yen's surge has had on Japan's export structure. The yen's appreciation has led Japanese companies to expand production abroad. As a result, the ratio of durable consumer goods against the total shipment for export has dropped while that of producer goods such as parts against total shipment has increased. Compared with the impact caused by the yen's appreciation following the Plaza Accord, the current yen's appreciation since 1992 has brought about a further trend of decline in the export of durable consumer goods. With the exception of such goods as microwave ovens and refrigerators, the export of which has continued to increase following the signing of the Plaza Accord, the export of these items has decreased remarkably since the start of the 1990's because of the expanded overseas production.

In 1985 when the Plaza Accord was signed, Japan's export structure stood as follows — Durable consumers goods, producer goods, and capital goods (such as equipment and machinery) accounted for about 30 percent of exports; construction goods (such as steel pipes) and nondurable consumers goods (such as foods and cosmetics) accounted for the rest. As a result of the yen's appreciation in 1987, the amount of producer goods increased to nearly 40 percent. Moreover, as a result of the recent yen's surge, the amount of producer goods has exceeded 45 percent amounting to nearly one half of total exports.

The major reason for this increase in the export of producer goods lies in an increasing demand overseas for electronic parts such as semiconductors. Included in this increased export are goods shipped to overseas production bases of Japanese companies. On the other hand, the export of durable consumer goods has continued to decrease, accounting for 28 percent in 1987, 25 percent in 1992, and 20 percent in 1994.

Takemura Wants To Expedite Bad Loan Disposal

OW2706081795 Tokyo KYODO in English 0746 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Finance Minister Masayoshi Takemura on Tuesday [27 June] called for early specific action to expedite the disposal of nonperforming loans held by financial institutions as part of government efforts to help prop up the faltering economy.

Takemura made the remark in a speech to an annual meeting of the Federation of Bankers Associations of Japan.

"We should work out concrete measures as soon as possible and take five years to settle the bad loan problems," Takemura told Japanese bankers.

Early this month, the Finance Ministry unveiled guidelines to restore functions of the nation's financial system threatened by huge bad loans, with a target period of five years to resolve the bad loan issues.

Takemura noted the government stated in a new set of pump-priming measures released the same day its intention to promptly start the study of public involvement, including the use of public money, for bad loan disposal.

On economic conditions, Takemura appears to have a somewhat more severe assessment than other cabinet members, saying, "Japan's recession has entered its fourth year."

Takemura admitted there are some objections to the judgment that Japan's economy is on a moderate recovery trend.

Matsushita Urges Early Bad Loan Liquidation

OW2706075695 Tokyo KYODO in English 0652 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita urged the financial sector Tuesday [27 June] to do its utmost for an early liquidation of nonperforming loans.

"The biggest problem facing the banking sector is an early solution to their troubled loans," Matsushita said in a speech to an annual meeting of the Federation of Bankers Associations of Japan.

The BOJ is ready to provide funds to ailing financial institutions if it judges such rescue is indispensable to save Japan's financial system from collapse, Matsushita said.

The policy was clarified in a set of guidelines the Finance Ministry issued earlier this month as a way to expedite the disposal of banks' bad loans, the governor said.

The guidelines were released in a "timely" manner, and have clarified the government's basic policy of self-help efforts for the bailout of failing banks, Matsushita said.

The guidelines made a reference to the possibility of a conditional use of special loans from the central bank to help bankrupt financial institutions.

Matsushita voiced concern that structural issues facing Japan are serving as "strong constraints" on the economy's shift to a stable growth track.

He cited rapid technological advancement, the emergence of other Asian economies as Japan's rivals and the yen's surge against the dollar.

But he reiterated the overall economy has been on a moderate recovery track since last year.

The assessment is testified to by improving corporate earnings and a pickup in corporate capital spending in many sectors, Matsushita said.

On credit policy, Matsushita said the BOJ will maintain its current easier credit stance.

Credit-easing steps taken from March to April have resulted in "significant falls" in money market rates, he said.

"I expect such effects to further spill over to the entire economy," Matsushita said.

"The central bank will continue to keep a close watch on financial and economic developments under the current credit policy," he said.

U.S. Rocket Chosen for Space Telecommunications

OW2606131395 Tokyo KYODO in English
1125 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — A Japanese satellite communications company said Monday [26 June] it has picked a U.S.-built rocket for its third space telecommunications satellite.

Space Communications Corp., affiliated with the Mitsubishi Group of companies, said the Atlas 2A-3 made by Martin Marietta Commercial Launch Services of the United States has been selected for its Superbird C communications satellite.

The U.S.-made rocket has been chosen by taking into account its cost and technology, company officials said. Superbird C is scheduled to be launched from Cape Canaveral, Florida, between June and August 1997 for international telecommunication and satellite broadcasting services, the company said.

Investment, including insurance, is estimated at 35 billion yen, they said.

Budget Increase for Information R&D Urged

OW2606145695 Tokyo KYODO in English
1014 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Japan should spend 1 trillion yen annually to promote research and development (R and D) programs in the field of information and communication, an advisory panel to the telecommunications minister said Monday [26 June].

Japan lags behind the United States and other industrialized nations in R and D efforts in the field, which is expected to become the nation's leading industry, the Telecommunications Technology Council said in a report submitted to the minister.

While the R and D programs should be financed by the Japanese Government, industry and academic circles, government spending needs to be increased five to six times more than its current level to 400 billion yen a year to make public financing of the programs comparable with that of the U.S. and European countries, the council said.

It noted that Japan spends only one-eighth the amount the U.S. does on such programs, and that the country posted a deficit of 54 billion yen in the trade of information and communications technologies in fiscal 1993.

To help Japan become a world leader in the field of information and communications, it also needs 17,000 R and D personnel, including 7,000 to be supplied by the government, the panel said.

Listing 293 areas, such as optical communications technology, that need to be promoted, the panel called for the government to give priority to 53 of them.

Industry and academic circles, for their part, should spend 330 billion yen a year and assign 5,900 people to push ahead with R and D efforts in the priority areas, the panel said.

Based on recommendations in the report, the Telecommunications Ministry will seek a large increase in fiscal 1996 budget appropriations for the R and D programs, officials said.

NTT Develops New Communications Technology

OW2606145295 Tokyo KYODO in English 0927 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Nippon Telegraph and Telephone Corp. (NTT) announced Monday [26 June] it has succeeded in long-distance data transmission with optical soliton communications technology on a conventional fiber-optic cable for the first time in the world.

The technology is based on pulse-like light waves that are transmitted over a long distance without changing their form.

The Japanese telecommunications giant said the success shows the technology has good potential for commercial applications in the future.

A special optical cable has been considered necessary for data transmission with the technology.

Normally, transmission of digital data on a fiber-optic cable causes a dispersion of signals over a long distance.

Soliton communication, which does have not that problem, has so far required a fiber-optic cable of special specifications.

In recent tests, NTT succeeded in transmitting 20 gigabits of data per second on an existing 170-kilometer fiber-optic cable three times both ways between Mito and Maebashi, both in the Kanto area north of Tokyo, officials said. The total distance involved was 1,000 kilometers.

Panel Recommends Delaying NTT Rate Hikes

OW2306115995 Tokyo KYODO in English 1123 GMT 23 Jun 95

[FBIS Transcribed Text] Tokyo, June 23 KYODO — An advisory body to the telecom minister recommended Friday [23 June] that the government postpone action on an application by Nippon Telegraph and Telephone Corp. (NTT) to raise rates for short-distance corporate leased-circuit subscribers to April 1996 or thereafter, ministry officials said.

A subcommittee of the Telecommunications Council made the recommendation to the Posts and Telecommunications Ministry after two rounds of discussion on NTT's application filed in late March to change the rates on leased circuits.

The domestic telecom giant has applied to cut rates on long-distance calls by an average 26 percent while raising those on short-distance or less-than-15-kilometer leased circuits by a combined 5 percent in two stages over two years.

The applications aim at reducing a wide gap between domestic and overseas rates. For example, rates for corporate leased-circuit subscribers in Japan are a maximum six times higher than those in the United States, the officials said.

But some members of the subcommittee complained that NTT's cost calculations, on which the short-distance rate hikes are based, are not persuasive, according to the officials.

The council also recommended that the telecom minister approve NTT's application for an average 26 percent cut on long-distance high-speed digital leased circuits in August, they said.

Leased Circuit-Public Phone Linkage Approved

OW2606142695 Tokyo KYODO in English 0844 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — The Ministry of Posts and Telecommunications [MPT] on Monday [26 June] permitted KDD and two other international telecommunications operators to begin connecting their leased telephone circuits to public lines for communication with third countries, officials said.

With the new service, a company having a leased circuit between Japan and the United States will be able to communicate with Canada via a public phone line in the U.S., the officials said. The service will be cheaper than conventional direct telecommunications between Japan and Canada.

The ministry issued the approval as part of the deregulation steps it announced in late March, the officials said.

The three international telecommunications operators plan to begin the service in July, the official added.

PRC Invites Corporate Investment in Tumen Area

OW2606145895 Tokyo KYODO in English 1107 GMT 26 Jun 95

[FBIS Transcribed Text] Osaka, June 26 KYODO — A visiting official from China's Jilin Province on Monday [26 June] urged Japanese corporations to invest in the Tumen River coastal region situated near the common borders of China, Russia and North Korea.

Jiang Zaihuan, vice secretary general of China's Yanbian Korean Nationality Autonomous Prefecture, said the development of the Tumen region's infrastructure, including roads and railways to North Korea and Russia, has been steadily carried out.

He told reporters in Osaka the Tumen project has a potential for growth as the development program is backed by the United Nations.

Jiang laid special stress on the need for investment from companies in the Kansai area and said, "I feel the prestige of the Tumen area is lower here than in big Japanese cities facing the Sea of Japan, like Niigata."

Growers Barred From Bidding on Own Rice

OW2206082495 Tokyo KYODO in English
0803 GMT 22 Jun 95

[FBIS Transcribed Text] Tokyo, June 22 KYODO — Farm cooperatives of rice growers will be prohibited from placing bids to buy their own rice in rice auctions outside the official distribution system, in the wake of new legislation on staple food, government officials said Thursday [22 June].

Prefectural farmers organizations were warned by the Fair Trade Commission in March, 1994, against buying up their own brand of rice, which was a violation of the antimonopoly law.

As part of efforts to open the rice market, Japan launched the free rice auctioning system in 1990, which accounts for 3 million tons, or about 30 percent of the nation's overall consumption.

The auction of free rice is held five times each in Tokyo and Osaka annually, with some 30 sellers like cooperative federations and 230 buyers, such as wholesalers. Cooperative federations sell about 80 percent of the auctioned rice, while buying some 20 percent of it, according to the officials.

An official at the Food Agency said, "The new law, which takes effect in November, anticipates that the auction of rice plays a key role in setting up a free price-forming system. Fairness in the auction is urged."

But, even under the new rules, federations of agricultural cooperatives will be allowed to offer a price for purchases in the auction if they establish subsidiaries for the rice wholesale business, the officials said.

Some prefectural federations of agricultural cooperatives like those in Miyagi and Fukushima Prefectures, which want to buy their own rice, have already announced plans to set up rice wholesaling subsidiaries, according to industry sources.

The subsidiaries will be requested to be independent of their parent organizations, they said.

Rice Purchase Price Likely To Remain Unchanged

OW2706105795 Tokyo KYODO in English
1027 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — The price at which the government will buy this year's crop of rice from farmers is expected to be pegged at 16,392 yen per 60 kilograms for the fourth consecutive year as the ruling coalition parties are bitterly opposed to the government's plan to cut the price, party officials said Tuesday [27 June].

The government and the three parties began final negotiations over the price the same day, with the government seeking a price cut on the grounds of lower production costs caused by last year's bumper crop of rice, the sources said.

Rice production costs for the past three years are a barometer for determining the government's rice purchase price.

The officials said the ruling coalition has no intention of complying with the government's price cut proposal as it wants farmers' votes in elections for the upper house of the Diet in July.

Accordingly, government and coalition negotiators are expected to recommend a price freeze to the rice price council due to be convened on Thursday to advise the agriculture minister on this year's rice purchase price, the sources said.

New Frontier Party Adopts Policy Platform

OW2706142095 Tokyo KYODO in English
1407 GMT 27 Jun 95

[FBIS Transcribed Text] Tokyo, June 27 KYODO — A new policy platform for Japan's leading opposition party Shinshinto (New Frontier Party) calls for drastic economic reform, a stronger crisis management capacity for the prime minister, and a more flexible bureaucracy, party sources said Tuesday [27 June].

Key planks in the platform transfer responsibility for allocating social capital from the Finance Ministry to the prime minister, and enable the prime minister to directly order the dispatch of Self-Defense Forces personnel in an emergency.

The platform, to be officially announced Friday, is designed to make the party more attractive to voters as an alternative to the current tripartite coalition government in the lead up to the House of Councillors election scheduled for July 23.

It says the key to a "strategic easing of regulations" over the Japanese economy lies in three sectors — information, finance, and housing.

This would involve accelerating the breakup of the telecommunications monopoly Nippon Telegraph and Telephone Corp. (NTT), the abolition of the tax on dealings in stocks and bonds, and an easing of regulations covering the ratio of building space to land, the platform says.

It says that although the use of public money cannot be avoided, the problem of bad bonds should be resolved through greatly increased transparency of financial organs and management responsibility. To ease financial anxieties, it calls for a government declaration that it will guarantee bank savings.

The platform also calls for revising legislation related to the ministry to enable administrative directives without recourse to the cabinet council, and calls for the tabling of new legislation to cover crisis management in the event of armed terrorist attacks or guerrilla-style insurgencies.

On the premise that the structure of the bureaucracy impedes change, the platform recommends ending the employment of high-ranking bureaucrats on a separate ministry or agency basis and the setting up of a personnel department directly linked to the cabinet to coordinate their employment.

North Korea

U.S. Heavy Oil Experts Delegates Leave 24 Jun

SK2406132195 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 24 Jun 95

[FBIS Translated Text] A delegation of U.S. heavy oil experts, who came to the DPRK to discuss the schedule and cooperative measures of the phased delivery of heavy oil pursuant to the DPRK-U.S. agreed framework, flew home on 24 June.

During negotiations between DPRK and U.S. experts, an agreement was reached in principle on the working issues of the delivery of heavy oil.

U.S., ROK 20, 21 Jun Aerial Exercise Decried

SK2406135695 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 22 Jun 95

[FBIS Translated Text] According to military sources, on 20 and 21 June, the U.S. war maniacs and the puppets conducted another provocative joint aerial exercise aimed at northward aggression. Taking the sky above Sangdong, Asan Bay, Pochon, and Tongduchon in South Korea as the operational stage, the reckless war exercise was frenziedly conducted day and night. Some 50 carrier-based assault, pursuit, commanding, and electronic jamming planes from overseas bases, and some 610 of various fighters and reconnaissance planes from the U.S. 7th Air Force and the puppet air force were intensively mobilized.

The adventurous fire game, played under the support of aerial commanding planes and electronic jamming planes, was an extremely dangerous military provocation maneuver aiming at a preemptive, united aerial attack on the northern half of the Republic.

Meanwhile, the war fanatic Kim Yong-sam traitor clique frenziedly engaged in a war exercise of northward aggression to strain the situation in the forefront. Around 1420 on 20 June and 0940 on 21 June, some 1,000 heavily armed bandits were advanced and deployed from the interior to Cholsan-ri, Kanghwa County; Chomon-ri, Paju County; and Umnae-ri, Chorwon County of the South Korean Kangwon Province; which are right in front of our noses. They crazily fired over 2,100 shots of large-caliber machine guns and automatic rifles in the feverish exercise of the operation of northward aggression.

Around 1050 on 21 June, a heavy tank group of the puppet army took an attack position on the demarcation line in Kumpa-ri, Paju County and made an emergency advance along the riverside road south of Imjin River toward the DMZ, while firing some 60 tank guns.

Prior to this, around 0850 on the same day, the puppet army's armed helicopters flew from the interior to the skies above Chomon-ri and Paengnyong-ri in Paju County in the forefront and made many-houred flights to wildly conduct an aerial shooting exercise aiming at the objects on our side.

If the U.S. imperialist war maniacs and the Kim Yong-sam fascist clique tenaciously cling to the war maneuver to isolate and crush us with force, turning their back on the general trend, the rascals will not escape a tragic destiny.

22 Jun 'Provocation' in Frontline Area Alleged

SK2706085595 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 25 Jun 95

[FBIS Translated Text] According to a military source, on 22 June, the South Korean puppets perpetrated a grave act of military provocation against us in the frontline area.

At around 0805 on 22 June [2305 GMT on 21 June], the puppets brought a transport ship carrying several tens of military vehicles to Kyoddong Island from Kanghwa Island. Then, at 0815, they kicked up a fuss by openly mobilizing a group of armored personnel carriers in the direction of Songdong-li, (?Kapyong) County, from the (?Paekkun-li), Paju County.

Meanwhile, at around 0940 the same day [0040 GMT on 22 June], a 105-mm artillery group of the puppet Army, which had been deployed in Chukhyon-li, Paju County; and Wolgok-li, Kanghwa County, fired about 90 rounds of shells to the areas near the DMZ. A heavy tank group of the puppet Army, which had been mobilized to the Kumsa-ri area, Paju County, at 1005, was moving in the direction of the DMZ area and firing about 70 rounds of tank shells, thus instigating war fever.

And, the armed rascals of the puppet Army, who had taken positions in Yongsan-ri, Paju County, and Majon-ri, Yonchon County at around 1005 that day; and, earlier on, at the mountain ridges north of Chokko-ri, Yonchon County at around 0935 the same day, displayed a war madness by indiscriminately firing about 790 rounds of 12.7-mm large-caliber machine guns and automatic rifles.

The Kim Yong-sam ring should correctly understand that the racket of playing with fire leads to the road of its self-ruin, and should act with discretion.

Kim Yong-sam Regime Triggering 'War Provocation'

SK2706002295 Pyongyang Korean Central Broadcasting Network in Korean 0653 GMT 25 Jun 95

[Unattributed talk: "South Korean Puppets Should Not Act Rashly and Recklessly"]

[FBIS Translated Text] South Korean war maniacs' frenzy for a northward invasion has reached an extreme point. It has been revealed, first of all, in the South Korean puppets' bellicose remarks.

As has already been reported, recently warmonger traitor Kim Yong-sam showed up in a puppet army unit in the central sector of the frontline at dawn and incited a war fever, clamoring about full war preparations, the establishment of a security posture, a self-sacrificing spirit, and the like.

Earlier, the puppet national defense minister convened a so-called conference of commanders of the major units of the South Korean Armed Forces and clamored about full preparations for a security posture, the North's armed buildup, the strategy for communizing the South, and the like, laying the blame at our door. The so-called chief of operations of the puppet navy, too, made similar bellicose remarks.

Traitor Kim Yong-sam's bellicose remarks and his stooges' ill-boding remarks are the dangerous remarks of those who are advancing along an adventurous road to ignite the fuse of a war of northward invasion, and, therefore, such remarks should not be overlooked.

The Kim Yong-sam ring, which has been perpetrating reckless, military provocations in the DMZ through armed bandits, at a time when the bosses of the puppets are making these bellicose remarks in succession, has deployed armed forces in the area of the Military Demarcation Line and constantly committed various military provocations against us. One of the examples of this is the fact that the South Korean puppets fired artillery shells at an islet of our side on the West Sea.

As was reported, on 14 June the South Korean puppets fired large-caliber artillery shells on (Changje) islet on the sea off (Popsa), Kangnyong County, South Hwanghae Province. A few days ago, the bandits from the puppet army staged an attacking operation exercise in the DMZ in an attempt to break through the Military Demarcation Line. Thus, they have committed grave military provocations. These are not all of the exercises that the puppets have staged recently.

The Kim Yong-sam ring has staged powder-reeking war exercises aimed at invading the North in succession. As is known, playing with fire for a joint aerial preemptive strike staged day and night by mobilizing some 700 fighters and reconnaissance aircraft from the U.S. 7th Air Command and the puppet Air Force and other war commotion exercises for a northward invasion, triggered by the Kim Yong-sam puppet clique together with outside forces, have still continued everyday even in June.

Because of the Kim Yong-sam bellicose group's reckless war commotion for a northward invasion, which has become more unscrupulous with each passing day, a dangerous situation, in which a war may break out at any time, is being created in our country today.

Despite such a situation, a war has not yet broken out but peace is preserved on the Korean peninsula today. This is entirely due to our patient peace-loving efforts.

Now, why are traitor puppet Kim Yong-sam and the puppet military bosses, Kim Yong-sam's stooges, desperately triggering such frantic war provocation commotions? It is designed to bring under control the crisis of their rule which has been driven into a corner. The puppets' reckless war provocation commotions are the last-ditch effort of those who are dying. The log [as heard] of the Kim Yong-sam ring has reached a very dangerous point.

As has been reported, the struggle of the people of all walks of life in South Korea, including workers, for the right to an existence and for democracy is gaining momentum with each passing day, and this struggle is tightening the noose around Kim Yong-sam's neck hour by hour.

Embarrassed by this, the Kim Yong-sam puppets did not hesitate to perpetrate the violent and insolent act of breaking into a Catholic church and a temple which are sacred and inviolable, and branding the workers' just struggle as an attempt to overthrow the system. However, this has added fuel to the burning flames. Traitor Kim Yong-sam has lost face before the people. Still worse, with a view to blocking progress in the DPRK-U.S. talks, he entreated his master to join in his efforts to obstruct the talks. But, an agreement was reached at the DPRK-U.S. talks and a joint press statement was published.

The Kim Yong-sam ring has been isolated and rejected by the people and is hated even by its master. Thus, it has been driven into the predicament of a fish that has left the water. The Kim Yong-sam ring is trying to find a way out of such a crisis by unleashing a war against the fellow countrymen. But this is a miscalculation. There are limits to our patience.

Like the proverb, "Fools rush in where angels fear to tread," if the Kim Yong-sam puppet clique ignites the fuse of a war of northward invasion while disregarding our patience the rascals will not be able to escape the stern punishment by our people who are firmly united as one mind and our heroic People's Army, our revolutionary Armed Forces.

We are now keenly watching every act of Kim Yong-sam puppets, calculating one by one the military provocation commotions and the war exercise commotions for a northward invasion that the rascals are perpetrating against us.

If the Kim Yong-sam ring does not want to perish in the flames it is kindling, it should stop its rash acts.

People Urged To Fight for Reunification Festival

SK2706043195 Pyongyang Korean Central Broadcasting Network in Korean 0650 GMT 26 Jun 95

[Unattributed talk: "The Grand Festival for National Reunification Should Be Realized Without Fail"]

[FBIS Translated Text] Now, all fellow countrymen are vigorously struggling with a firm determination to open an epochal phase for reunification in the nineties by holding the grand national festival for national reunification celebrating the upcoming 50th anniversary of the national liberation, without fail.

The great leader Comrade Kim Il-song taught: I think we can surely achieve the fatherland's reunification cause, overcoming all difficulties and obstacles, if all the people struggle, united firmly under the banner of great national unity.

Reunification is the greatest wish and the most urgent task of our people, who have had immeasurable suffering and misfortune for tens of years due to the national division. In order to hasten the reunification of the fatherland in an independent and peaceful way, all the people should be united firmly as one, overcoming differences in ideas, ideology, system, and religion.

The fatherland's reunification is the whole nation's harmony and unity. Thereupon, the great leader taught: What is essential in reunifying the fatherland lies in achieving true harmony and unity of the whole nation not in discussing procedures or methods.

Outside forces and divisionists' maneuvers to permanently divide our fatherland become all the more vicious today. We cannot entrust outside forces, the ringleaders of our national division, and national traitors, who curry favor with the outside forces, to resolve our country's reunification issue.

The main body of the fatherland's reunification is none other than all the Korean people who love the country and desire reunification. In order to strengthen the main body of reunification by achieving the great unity of the whole nation that desires the fatherland's reunification, we should stoutly carry out work to promote national reconciliation and unity.

Our proposal for holding the 15 August grand festival for national reunification is an expression of our sheer desire and intent to open a epochal phase for reunification by eliminating the divided nation's misunderstanding and distrust and achieving true reconciliation and unity of the whole nation, and is part of a sincere effort for the fatherland's reunification.

The grand festival for national reunification celebrating the 50th anniversary of the fatherland's liberation will be a place for nationwide dialogue to unite in one mind all compatriots from all walks of life in the North, the South, and overseas, as well as a great reunification square for national reconciliation, unity, and reunification for the first time in the history of national reunification movement.

The 15 August grand festival for national reunification will also serve as the historic momentum that opens a new history of our people's movement for reunifying the fatherland and as the important momentum that vigorously encourages the nation's reunification march toward reunification in the nineties.

The successful holding of the grand festival for national reunification will again clearly demonstrate at home and abroad our people's unyielding will and steadfast determination to achieve reunification in the nineties with great national unity, after smashing the vicious antireunification maneuvers of divisionists at home and abroad. In addition, a new epochal phase will also certainly open in our people's struggle to achieve the fatherland's reunification in current times. Therefore, all Korean compatriots should unfailingly realize the grand festival for national reunification celebrating the 50th anniversary of the fatherland's liberation.

There are many obstacles and difficulties in the course of today's struggle to successfully hold the grand festival for national reunification. The Kim Yong-sam ring, a group of national traitors, recently convened a unification- and security-related ministers' meeting and decided not to allow South Korean civilian organizations and figures from various sectors to participate in South-North meetings or events for reunification at Panmunjom to be held on or around 15 August.

It also announced that it would not allow the holding of South-North joint events for reunification at Panmunjom, which has already been agreed upon between Christian associations in North and South Korea. The Kim Yong-sam ring also stated it would not allow South Korean public organizations to hold large-scale events for reunification, such as setting up a human belt between the South and the North, on or around 15 August.

Invoking the National Security Law, an antireunification fascist evil law, the Kim Yong-sam ring regards the moves of figures in various sectors who try to contact and hold dialogue with us as criminal acts, and is openly attempting to to use arms to block participation in the grand festival for national reunification by the compatriots in the South.

In this situation, the puppets conducted the fascist outrage of punishing An Ho-sang, leader of South Korea's Taejonggyo, and his party who visited the northern half of the Republic. The Kim Yong-sam ring's antinational, antidialogue, and antireunification act arouses all the people's anger and indignation.

All the people in the North, the South, and overseas should firmly unite themselves and sternly smash the Kim Yong-sam ring's criminal maneuver of creating severe obstacles to the 15 August grand festival for national reunification.

The South Korean people and all compatriots should more vigorously carry out the struggle to abolish and disband antireunification fascist evil laws and suppressive organizations, including the fascist National Security Law and the puppet Agency for National Security Planning.

Firm is all the people's determination and will to open the bright future of reunification in the nineties by successfully holding the grand festival for national reunification celebrating the 50th anniversary of the fatherland's liberation. All Korean compatriots at home and abroad should more vigorously launch the nationwide struggle to realize the grand festival for national reunification, filled with a firm faith and optimism in the reunification in the nineties.

Joint Preparatory Committee Urged

SK2706104195 Pyongyang KCNA in English 1028 GMT 27 Jun 95

["All Patriotic Forces Must Unite and Hold Grand National Reunification Festival Marking 50th Anniversary of National Liberation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — NODONG SINMUN today carries an editorial article headlined "All Patriotic Forces Must Unite and Hold Grand National Reunification Festival Marking 50th Anniversary of National Liberation".

The article says:

The August 15 grand festival for national reunification is a grand reunification festival common to the nation which is put on the order of the day, after it was proposed by the political parties and organisations of the DPRK, reflecting the ardent desire of the fellow countrymen to promote national reconciliation and unity and make a breakthrough for the reunification in the 90's at any cost in this year marking the 50th anniversary of national liberation (August 15, 1945), and 50 years of the division of the nation. It has been accepted by reunification movement organisations and compatriots from all walks of life in South Korea and abroad.

The North, the South and overseas are going to grandly celebrate the 50th anniversary of national liberation together as a grand reunification festival common to the nation with August 15 as an occasion. This is aimed at decisively breaking with the history of division spanning half a century and opening a turning phase of reunification with reconciliation and unity.

The Kim Yong-sam group, however, is now resorting to every conceivable manoeuvre to implant agents into pro-reunification patriotic forces by means of such intelligence services as the puppet Agency for National

Security Planning to divide and disintegrate them from within and block the grand reunification festival common to the nation.

To check and frustrate the division and disintegration moves of the South Korean ruling quarters is a prerequisite to holding the August 15 grand reunification festival. Therefore, the pro-reunification patriotic forces in South Korea must put it as the foremost task to grandly celebrate the 50th anniversary of national liberation as a nationwide grand reunification festival and wage a strong struggle with the same voices so that the Kim Yong-sam group can not block it. What is important here is to guarantee unity of action and strengthen solidarity struggle with each other by answering the partitionist forces' anti-reunification alienation moves with the strategy of unity. This can be considered to be a true stand and attitude of patriots at present.

Let us hold the grand reunification festival with united struggle of the nation at any cost and make a breakthrough for the reunification in the 90's — this is the first fighting slogan to be held high by our nation at the present time. All the compatriots in the North, the South and overseas must put aside mutual differences on the basis of the national idea and turn out in the struggle for a successful grand festival to open a turning phase of reunification, united on the basis of the common desire to hold it jointly on a nationwide scale.

What is important above all in holding the August 15 grand national reunification festival is that the entire fellow countrymen at home and abroad firmly unite with one aim — a joint celebration of the 50th anniversary of national liberation — under the banner of the ten-point programme of the great unity of the whole nation.

In order to hold the August 15 grand national reunification festival with united struggle of the whole nation, it is important to set up a joint national preparatory committee for the grand reunification festival marking the 50th anniversary of national liberation at an early date and jointly promote the work for holding it at home and abroad.

Kim Yong-sam Korean War Function Speech Viewed

SK2706052395 Pyongyang KCNA in English 0429 GMT 27 Jun 95

["'Security' Ballad of Person at the Point of Death" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — The traitor Kim Yong-sam Saturday showed up at a ceremony associated with the "June 25 war" [Korean war] and claimed that only a tight "security" renders it possible to hold "inter-Korean dialogue" and achieve "unification."

NODONG SINMUN today terms his utterances as a slogan of fascism and war.

His claims are part of his efforts to incite confrontation between the North and South of Korea, hasten anti-communist fascistisation and realise his daydream of unification through northward invasion, the analyst says, and continues:

The Kim Yong-sam group, while crying for the "establishment of security posture," is hell bent on confrontation and division, not national reconciliation and unity, and on war preparations and increase of tensions, not a peaceful reunification.

This is a clear indication that the "dialogue" and "unification" loud-mouthed by the Kim Yong-sam group are all a sheer lie and that their ulterior intention is to build up "strength" to realise their wild ambition of unification through northward invasion.

It has been brought into bolder relief that now that their "civilian" rule has been shaken to its foundation due to the internal and external situation which takes an unfavourable turn for them with each passing day, the Kim Yong-sam group is engaged in more frenzied anti-DPRK confrontation and war gamble and bayonet-brandishing suppression of the struggle of South Korean people under the pretext of "security" in a bid to bring about "security of their power."

This is a sisyphean effort; it is a last-ditch effort of those at the point of death, isolated within and without for their thrice- cursed, unpardonable treason committed under the motto of the deceptive "civilian politics" and "policy of reforms".

If they persist in confrontation and war, harping on the string of "security," they will certainly face self-destruction.

Democratic Front Urges South To Defeat DLP

SK2606213595 Pyongyang KCNA in English 1514 GMT 26 Jun 95

[FBIS Transcribed Text] Pyongyang, June 26 (KCNA) — The Central Committee of the National Democratic Front of South Korea released a letter on June 17 calling upon the South Korean people to defeat the "Democratic Liberal Party" [DLP] in the "local autonomy elections" said Seoul-based radio Voice of National Salvation.

The letter calls for a stern judgement to the "DLP" in the coming "elections" and the conversion of polling booths throughout South Korea into battlefields for voting against "DLP" candidates and for those of democratic forces.

It also calls for roundly laying bare the fraudulent elections of the "DLP" with government power and money.

Ten million workers, six million peasants, one million students, three million urban paupers and all other electors who are disgusted at the "civilian" politics should turn out as one in a struggle to take the initiative in the "elections" and deal a counterblow at the Kim Yong-sam's "DLP", the letter says, and continues:

Victory in the "elections" depends on the great alliance of democratic forces. All the anti-"DLP" forces should form an anti- "DLP" united front, pushing aside distinction and difference.

Let us overthrow the Kim Yong-sam group trying to use the four- major "local elections" as a springboard for keeping the "civilian" dictatorial power and establish an independent, democratic government that surely guarantees an era of local autonomy.

Let all of us join in the struggle for the "local autonomy elections" with confidence and defeat the Kim Yong-sam "DLP" in the "elections" and lay a new step-stone for democratization.

Let us adorn the day of the four-major "local elections" slated for June 27 as the day of defeat to the "DLP".

Commentary Views ROK's 'Election Rigging'

SK2406045195 Pyongyang KCNA in English
0443 GMT 24 Jun 95

["Hullabaloo for 'Election' Rigging" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 24 (KCNA) — The Kim Yong-sam group are now trying hard to have their candidates "elected" in the soon-to-be-held "elections of local autonomous body chiefs." This is the topic of a NODONG SINMUN commentary today.

The analyst says:

The South Korean "prime minister" recently showed up in the "local autonomy election desk of the supreme public prosecutors office" and blared that "the illegal campaign offences are likely to continue" and "election offences" should be "strictly checked". And the puppets issued an order to "investigate" the fact that opposition parties "spent money for their candidates."

It is clear to everyone that their hullabaloo has come out of the intention to help their candidates stand unchallenged in the "elections" under the slogan of "fair elections" by invoking government power, squandering money and employing deceptive methods.

With the "local autonomy elections" at hand, four people are reportedly arrested on a daily average on the charge of the violation of the "National Security Law". In this way, the puppets intend to make the "elections" a one-party show, keeping those calling for independence, democracy and reunification behind bars.

The "Democratic Liberal Party" [DLP] is working hard to win popular confidence with money under the shelter of "law" and, on the other hand, is getting frenzied in the efforts to disintegrate the democratic forces by finding fault with opposition leaders.

While crying for "strictly checking illegal campaign offences", they are seeking to veil their true color as "election" offenders, get rid of opposition candidates and rig "returns" for the "DLP" candidates.

By so doing, the Kim Yong-sam clique of traitors want to ensure the stability of their rule in the second half of the power. This is, however, just a daydream.

DLP's 'Fraudulent' Election Campaign Denounced

SK2506033695 Pyongyang Korean Central Broadcasting Network in Korean
1225 GMT 24 Jun 95

[Commentary by Yun Pyong-son: "Last-Ditch Efforts of Those on Trial"]

[FBIS Translated Text] With the day for the local autonomy elections approaching in South Korea, the Democratic Liberal Party [DLP] group is all the more running to extremes in carrying out the unlawful and fraudulent elections. According to a report, the DLP group is heatedly recruiting so-called volunteers. In North Chungchong Province, under a plan to recruit 300,000 volunteers, the DLP's candidate for provincial governor gathered 130,000 volunteers as of 9 June, and other DLP candidates gathered 100,000 volunteers in Taegu and another 12,000 volunteers in the Inchon District.

The so-called volunteers absorbed into the DLP are currently dragging in eligible voters through house-to-house visits and the scattering of money and goods, and are threatening and blackmailing the other side's forces. They are crazily running amok, engaged in illegal election campaigning.

Along with this, the DLP group is personally handing out money to residents and treating them with food, thus begging for support. Already, 26 people have been arrested for such acts.

On the other hand, the puppets are also heated in the government authority elections. It has already been exposed that the puppet traitor and so-called prime minister are standing in the forefront of this. Recently, four so-called ministers—including the puppet finance and economy minister as well as the agriculture, forestry, and fisheries minister—recklessly issued generosity pledges while bustling about here and there, and made speeches supporting the ruling party. Thus, they conducted illegal government authority election campaigning.

The puppet prosecution and police did not even book the DLP group who were grabbed by the back of the neck for distributing money to residents and begging for support, but shut their eyes to this, thus sharing in the support of the DLP.

These facts clearly show that to fabricate its victory at the elections, the Kim Yong-sam ring is conducting all kinds of means and methods, such as wholly mobilizing government authority and government power.

Even though the puppets babble for fair and clean elections, they are trying to hold the elections as the most unprecedentedly unlawful and fraudulent elections in history. This can be viewed as the final ravings of those who are before the court of judgment.

As everyone knows, during the two years since coming to power, the only thing the Kim Yong-sam ring achieved was to intensify South Korea's subordination toward outside forces, to create political confusion and disorder, and to bring about economic ruin and the people's economic difficulties. Moreover, under the pretext of a civilian regime, the rascals barbarously oppress the South Korean workers who demand the right to life and democracy, and even brought police and hoodlums into Catholic churches and temples which are sacred and inviolable places, trampling the people there, and thus receiving the South Korean people's curses and denunciations.

Recently in South Korea, a written petition on the impeachment and prosecution of the traitor Kim Yong-sam was submitted to the puppet National Assembly, and various social circles daily issue statements on the state of affairs. This clearly proves how much the Kim Yong-sam ring has earned the grudges of the South Korean people.

In reality, we can say that currently the lives of Kim Yong-sam and the DLP are at stake, and their fate has reached a dangerous point. If fair elections are to be conducted under such a situation, it is clear as seeing fire that the DLP group will be defeated.

The puppets brazen-facedly run to extremes in the unlawful and fraudulent elections, not even thinking about their reputation and sohin. This is aimed to fabricate their winning at the elections in any way in order to bring about a crisis in rule, which is being intensified under control, and to provide a stepping stone for their prolonged rule. However, this is nothing but the ravings of those who have been outcast from the times and have lived out their fate.

Such reality, which is being carried out before the elections, makes the South Korean people all the more aware about the puppet's unlawful and fraudulent acts, demands that the elections be made into a grave court of judgment that brings about great punishment to Kim Yong-sam and the DLP.

The united strength of the popular masses firmly united as one cannot be confronted with anything. Whether their demands are met and whether the DLP will be judged at the elections is dependent on the South Korean people's struggle.

By gathering votes to the candidates of the democratic forces in the elections, the South Korean people should wholly settle the Kim Yong-sam ring's criminal acts and embrace the rascals with an embarrassing defeat.

VNS Urges 'Mass Struggle of Workers' in Jun

SK2406043995 Pyongyang KCNA in English 0435 GMT 24 Jun 95

[FBIS Transcribed Text] Pyongyang, June 24 (KCNA) — The Worker-Peasant Department of the Central Committee of the National Democratic Front of South Korea (NDFSK) appealed to the 10 million worker brothers to turn out in the June mass struggle of workers with firm confidence in certain victory and demonstrate to the whole world once again the united might and strong stamina of the working class, according to radio Voice of National Salvation from Seoul.

The appeal was published on June 16 as regards the more undisguised suppression of the labour movement by the Kim Yong-sam group.

It said that workers should shatter the reckless suppression of the labour movement by the Kim Yong-sam "civilian" dictatorship with a strong counterattack and carry through their just demand to the end.

The appeal called upon the 10 million worker brothers to actively rise up in the struggle for wage hike and renovation of collective agreement and the struggle for the amendment of "labour laws" and wage a powerful joint massive struggle to abolish the evil law on labour this year.

It called for developing the labour movement into a high stage of struggle to terminate the U.S. imperialist colonial domination, intervention, exploitation and plunder and smashing the U.S. support to the "civilian" dictatorship and pressure to open market.

It laid emphasis on frustrating the confrontation policy against the North, taking part in the August 15 Grand Festival of National Reunification, expanding support and sympathy with broad masses of the people and strengthening solidarity with labour movement organisations of different countries and international labour organisations.

It stressed that the labour movement this year should be developed into a struggle to defeat in the "local autonomous body elections" the "Democratic Liberal Party" group of Kim Yong-sam who is openly pursuing the policy against the workers.

South Koreans Support 'Preserving' Kim Il-song

SK2706105995 Pyongyang KCNA in English
1035 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — South Korean people are fully supporting the decision on preserving the great leader President Kim Il-song in the form of eternal life, Seoul-based radio Voice of National Salvation quoted the South Kyongsang Provincial Committee of the National Democratic Front of South Korea as saying in its information.

The members of the Saeppyol (Morning Star) Society active in Masan City met on June 13 to discuss measures for applying the DPRK's decision in its activities and adopted a guide "our tasks to uphold Comrade Kim Il-song as the eternal sun of chuche."

Mr. Song, chairman of the society, told the meeting:

"Though the great Comrade Kim Il-song whom we had revered all the time passed away, it was decided to preserve him in state in 'Kumsusan Memorial Palace' as he was in his lifetime. I think that it mirrors the will of the nation.

"I suggest that our society be renamed the Taeyang (sun) Society today to hold the great Comrade Kim Il-song in high esteem as the eternal sun of the nation and call on all the members to make redoubled efforts for the accomplishment of the noble cause of chuche under the guidance of esteemed General Kim Chong-il."

Mr. Choe, a member of the society, said as regards the DPRK's decision on the building of the "chuche idea works exhibition" in "Kumsusan Memorial Palace":

"From now on all of us are sons of President Kim Il-song immortal with the name of the sun and General Kim Chong-il and rays of the sun of chuche.

"I am firmly determined to become a faithful devotee and active propagandist of the chuche idea, an invincible sword, with a view to discharging my mission as a loyal subject for the great President Kim Il-song and General Kim Chong-il and a son of chuche."

At the meeting the members of the society vowed to inform many people of the DPRK's decision as soon as possible and activate their activities to honour the memory of President Kim Il-song on the first anniversary of his death.

On the same day, Choe Kyong-o, a resident in Kyongju, said:

"General Kim Chong-il had the Kumsusan Assembly Hall where President Kim Il-song attended to his business renamed 'Kumsusan Memorial Palace' and its area turned into the holy land of chuche. Nobody can match him in remaining loyal and devoted to the great President Kim Il-song.

"All of us must take an active part in the reunification movement, true to the intention of General Kim Chong-il, to move up the day when we will visit 'Kumsusan Memorial Palace' where President Kim Il-song is laid in state, and pray for the repose of his soul."

Seminar on 'Immortal' Chuche Idea Held in Moscow

SK2706101695 Pyongyang KCNA in English
1007 GMT 27 Jun 95

[FBIS Transcribed Text] Moscow, June 25 (KCNA) — A seminar on the immortal chuche idea was held on June 20 under the sponsorship of the Youth Association for the Study of the Chuche Idea in Moscow of Russia on the occasion of the first anniversary of the great leader President Kim Il-song's death.

Prior to the seminar, the participants appreciated "The Great Leader Comrade Kim Il-song Will Always Live in the Hearts of the People", part 1 of the Korean film "The Great Leader Comrade Kim Il- song is Immortal".

Speakers said that the great leader Comrade Kim Il-song is the greatest of great men who achieved the greatest ideo-theoretical and practical exploits in human history and he is alive as the immortal sun of humankind.

Saying that today the chuche revolutionary cause is being successfully carried forward by the great leader Comrade Kim Chong- il, they emphasized that the adherents of the chuche idea of the world are revering him as the sun of chuche and brilliant lodestar of hope.

A message to Comrade Kim Chong-il and a statement "imperialists knelt down" were adopted at the seminar.

The statement noted the success of the DPRK at the Kuala Lumpur talks is attributable to Comrade Kim Chong-il's consistent anti- imperialist foreign policy and that it is a worldwide model as it embodies the chuche-based principles in the international relations.

The statement expressed full support for the principled activities of the DPRK in the international arena to defend the socialist interests in the atomic power field.

Nepalese Party Leader Receives Youth Delegation

SK2706112395 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 24 Jun 95

[FBIS Translated Text] (Narayanma Bijukche), chairman of the Nepal Workers' and Peasants' Party, received a delegation of the League of Socialist Working Youth of Korea led by Choe Yong-hae, chairman of its Central Committee, on 20 June.

During the meeting, the head of the delegation conveyed greetings from the great leader Comrade Kim Chong-il to Chairman (Narayanma Bijukche). Expressing deep appreciation, the chairman asked the head of the delegation to convey his sincere wish for longevity and good health for the great leader Comrade Kim Chong-il. The chairman spoke as follows:

The respected and beloved Comrade Kim Il-song was the great leader of the international communist movement and progressive mankind. Also, he was the teacher whom we admired most. Our loss has become a great loss to the Korean people, as well as to the revolutionary people throughout the world, including our Nepalese people. It was very fortunate for the revolutionary and progressive people throughout the world because history produced such a prominent leader as the great leader Comrade Kim Il-song. Members of the Nepal Workers' and Peasants' Party will always live and struggle by cherishing the great leader Comrade Kim Il-song in their hearts, never forgetting him.

Because the Korean people uphold the great leader Comrade Kim Chong-il, they can turn the sorrow of losing the leader into might and courage. Also, by uniting around him in a single-hearted mind, they are vigorously struggling to brilliantly consummate the rich and strong socialism of our own style. Because the great Comrade Kim Chong-il exists, today the world revolution is advancing along the road of victory. Also, its future is very brisk.

We are convinced that under the wise leadership of the great leader Comrade Kim Chong-il, the Korean people will endlessly complete the socialist cause as demanded and intended by the respected and beloved Comrade Kim Il-song.

As was done in the past, the Nepal Workers' and Peasants' Party will send, in the future, too, support and solidarity for the Korean people for their cause for socialist construction and national reunification.

Article on Former Chilean President Allende

SK2706103295 Pyongyang KCNA in English 1017 GMT 27 Jun 95

["Heroic Life of Allende, Resolute Anti-Imperialist Fighter" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — NODONG SINMUN today devotes one whole page to an article on the heroic life of former Chilean President Salvador Allende, one of the statesmen whom history must not forget.

The article headlined "Resolute Anti-Imperialist Fighter Who Adhered to his Political Principles to the Last Moment of his Life" says the name of President Allende remains in history and the mind of humankind as a political activist and head of state who died a heroic death in a decisive fight to defend his country, the socialist ideal and his faith and principle as a statesman, with arms in hand.

When President Allende received a vicious "ultimatum" from renegade Pinochet on September 11, 1973 that if the former does not surrender at once, the latter will bomb the palace, he waged a decisive fight, saying "there can be no surrender. It can be made by cowards like you". This showed a brilliant example of how a revolutionary, a man, should die.

History knows no such fighter as President Allende who fought without tolerating the term of surrender as a head of state and lived a worthy and glorious life till his heart stopped beating.

The latter half of his life is characterized by his ardent desire and practical activities to build a socialist society in Chile as an advocate of the idea of independence.

Avidly reading from long ago works of President Kim Il-song, an outstanding leader of the world revolution, Allende was moved by his revolutionary idea and brilliant personality. And he cherished deep respect and reverence for him. His ardent wish was to meet President Kim Il-song. He, as president of the Senate of the National Congress of Chile, visited the DPRK and had the honor of being received by the great leader on May 6, 1969.

Allende told him: I am finding the way of struggle and its ways in works written by you, most respected President Kim Il-song, about the anti-imperialist struggle and the struggle of the Latin American people.

Firmly taking his hands, President Kim Il-song warmly told him in a tender-hearted tone to come to Korea once again, adding: Let us be eternal comrades-in-arms on the front of the anti-imperialist struggle.

His meeting with President Kim Il-song, the first yet the last significant emotional meeting, marked a meaningful occasion in his whole life, which gave him a firm faith in independence and iron will.

Afterwards, he was engaged in a heroic struggle without the slightest deviation from the road chosen of his own accord, upholding from the bottom of his heart the great idea of President Kim Il-song.

Upon hearing the sad news that a tragic situation was created in Chile and President Allende died a heroic death, President Kim Il- song was more regretful at this than anybody else. And he spoke highly of the great achievements and feats performed by President Allende in his lifetime.

President Kim Il-song said with emotion that though Comrade Allende passed away, his idea and spirit will serve as true blood for the progressive people of Chile, particularly, those who are fighting for the new idea of socialism and communism.

The paper goes on to say:

Allende was an outstanding political leader of Chile and a staunch anti-imperialist fighter, who was born and died in a struggle in the 20th century which greeted the sun of chuche. For his intimacy with President Kim Il-song, a great man peerless in history honored and respected by humankind as heaven, Allende added lustre to the last years of his life and had the highest honor.

Though President Kim Il-song passed away, the great leader Comrade Kim Chong-il has a good understanding of Allende and always remembers him.

Thanks to respected Comrade Kim Chong-il, a peerless great man who is leading the 21st century and supreme incarnation of obligation, Allende will be alive in the hearts of the people as well as in history.

Kim Il-song's Death Anniversary Marked Abroad

SK2406102795 Pyongyang KCNA in English 1009 GMT 24 Jun 95

[FBIS Transcribed Text] Pyongyang, June 24 (KCNA) — A memorial service was held at the building of the Socialist Party of Kazakhstan on June 16 on the occasion of the first anniversary of the death of the great leader President Kim Il-song.

Bouquets and blossoms were laid before a portrait of President Kim Il-song in the service hall.

The participants paid a silent tribute to the memory of President Kim Il-song.

In his report, secretary of the Socialist Party of Kazakhstan A. Antonov [name as received] said Comrade Kim Il-song was the most distinguished elder of the international communist movement and the working-class movement and the greatest of great men recognised and respected worldwide.

The revolutionary history of modern Korea is, in a nutshell, the history of Comrade Kim Il-song, the reporter said, adding that though he passed away, the Korean people are creditably carrying forward his revolutionary cause under the guidance of their leader Comrade Kim Chong-il.

Similar events were also held in Moscow under the sponsorship of the Left Russia, at Kiev University under the sponsorship of the Ukrainian Society for the Study of the Chuche Idea, at the Sweden- Korea Friendship Association and the Swedish Committee for the Study of the Chuche Idea, in Austria and at the National Federation of Pensioners and the Fishermen's Union of Peru.

A lecture was given at San Martin de Porres University in Peru.

Seminars on Kim Il-song's Works Held Abroad

SK2406103395 Pyongyang KCNA in English 1014 GMT 24 Jun 95

[FBIS Transcribed Text] Pyongyang, June 24 (KCNA) — A seminar on "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country", a famous work of the great leader President Kim Il-song, was held at the Delhi University, India, under the sponsorship of the Asian Regional Institute of the Chuche Idea on June 9.

The speakers said that President Kim Il-song had consistently maintained the policy of rejecting foreign intervention, checking flunkeyist and treacherous acts of the separatists and defending the dignity and independence of the Korean nation on the basis of the three principles — independence, peaceful reunification and great national unity — which are an embodiment of the chuche idea.

They stressed that all parties, groupings and peoples from all walks of life in the North, South and overseas have waged a nation- wide struggle to realise the proposal for the foundation of the Democratic Confederal Republic of Koryo on the basis of one nation, one state, two systems and two governments, upholding his excellency the great Kim Chong-il as their leader, rallied closely under the banner of the 10-point Programme of the Great Unity of the Whole Nation advanced by his excellency the great leader Kim Il-song.

A seminar on the work "Let Us Bring the Advantages of Socialism in Our Country Into Full Play" was held by the group for the study of the chuche idea of Kim Il-song -kim Chong-il in Vienna, Austria, on June 13.

The speakers said that President Kim Il-song, who built socialism, indicated concrete ways and methods of further developing socialism.

Film Show on Anniversary of Kim Il-song's Death

SK2706045395 Pyongyang KCNA in English 0421 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — A fifteen-day film show opened on the first anniversary of the death of the great leader President Kim Il-song.

The show is to be held from June 26 to July 10.

During the period all the film show units throughout the country will show documentary films on the glorious history of the revolutionary activities and boundlessly noble traits for the people of President Kim Il-song who devoted his all to prosperity of the country, freedom and happiness of the people and accomplishment of global independence and performed immortal feats which will shine for all ages.

The documentary film "The Great Leader Comrade Kim Il-song Is Immortal" (parts 1-4) is among the films.

The film is about all the people, the soldiers of the Korean People's Army, overseas compatriots and the revolutionary people of the world mourning over the unexpected death of the great leader and bidding last farewell to him one year ago.

"The Great Life in 1994", "They Always Worked Together for the People", "The Great Patron", "The Leader Is the Great Father of Our People" and other documentary films will be screened in the show days.

"The Star of Korea", "The Sun of the Nation" and other feature films on his greatness, wise leadership and noble virtues will also be shown.

A national opening ceremony was held at the People's Palace of Culture in Pyongyang on Monday. Chang-chol, vice-premier of the Administration Council and minister of culture and art, made an opening address at the ceremony.

Unyul Mine's Long-Distance Conveyor Detailed

SK2306233895 Pyongyang KCNA in English 2218 GMT 23 Jun 95

[FBIS Transcribed Text] Pyongyang, June 23 (KCNA) — Two decades have passed since the large-size long-distance belt conveyor was laid at the Unyul Mine which is situated in the middle of Korea on the west coast.

This conveyor ceaselessly carries earth to build a dike across the sea.

In 1974, the great leader Comrade Kim Chong-il was told that this open-air mine failed to increase its ore production for lack of capacity to remove earth. He said that this problem must be solved not by increasing the number of excavators and lorries, but by laying a large-size long-distance belt conveyor with a great economic effectiveness.

When he knew that the conveyor would be built up to the seashore, he said that the conveyor should be built across the sea, not up to the seashore, and then islets should be interlinked so that ore production may be increased and more land be reclaimed. And he indicated the stages for its construction, personally drawing lines on the Korean map with a red pencil in hand.

He organized a powerful force to finish the project in a short span of time and wisely guided the construction.

So the first stage of the grand project, that would have taken several years, was completed in a little more than a half year.

When he was told that the automated and remote-controlled 4.6 km long conveyor had been built, he went to the spot on June 23, 1975 and highly praised the feats of builders.

The conveyor is carrying every day as much earth as thousands of lorries should carry.

This has increased ore production.

Now the mine is producing in ten days as much ore as were produced in a year before liberation.

The dike has ceaselessly stretched south beyond Nunggum Islet to two other islets and reached Wolsa-ri.

So, 3,500 hectares of new land have been acquired.

The width of the dike is 160-200 metres.

The conveyor is building a dike northward from Nunggum Islet.

When the dike is connected with Sohae-ri, 5,100 hectares of new land will be acquired.

The mine was awarded "Order of Kim Il-song" for its great contribution to the development of the metallurgical industry of the nation.

Such conveyors have been introduced in other parts of the country.

South-South Cooperation Urged for New Society

SK2706120795 Pyongyang Korean Central Broadcasting Network in Korean 0653 GMT 27 Jun 95

[Unattributed talk: "South-South Cooperation Is an Important Method for Building a New Independent Society"]

[FBIS Translated Text] The slogan announced by the Workers Party of Korea Central Committee on the occasion of the 50th anniversary of the party founding pointed out: Let us oppose neocolonial exploitation and plunder against developing countries and develop South-South cooperation based on the principle of collective self-reliance.

This slogan reflects the demand and aspirations of our people and people of developing countries to build a new independent and prosperous society with their own strength by rejecting various forms of domination and subordination.

The great leader Comrade Kim Il-song has taught: When South-South cooperation is developed, the developing countries can free themselves from economic subjugation and dependent relations and successfully build self-reliant national economies.

At present it is an urgent demand of developing countries to further expand and develop South-South cooperation. This is related to the fact that the imperialists' neocolonial exploitation and plunder have been further strengthened and the imperialists are persistently pursuing political pressure and interference on the pretext of providing aid by taking advantage of the developing countries suffering from economic difficulties.

In actuality, in some developing countries, the people's living standard has been drastically lowered; the rate of poverty has increased; and social and political stability is being destroyed.

Because of an outdated international economic order, developing countries have suffered the loss of hundreds of billions of dollars each year in economic and trade relations with advanced countries, and their external debts are increasing every day.

The only method for breaking through the current crisis is to expand and develop South-South cooperation. There are many conditions and potentials for expanding and developing South-South cooperation. With common situations and aspirations, the developing countries have an interest in South-South cooperation. They also have had past experiences in South-South cooperation, as well as technology in economic construction.

If they actively expand and develop South-South cooperation under this circumstance, they can progress economically without being indebted to advanced countries. It is important for developing countries to maintain the principle of collective self-reliance in expanding and developing South-South cooperation. Collective self-reliance is the principle of struggle to pioneer their destinies by themselves by uniting and cooperating with each other. Only when the developing countries maintain this principle, can they free themselves from the sense of reliance on advanced countries and successfully develop South-South cooperation with the spirit of independence and solidarity.

It is also important in expanding and developing South-South cooperation to maintain the principle of complete equality and mutual benefits. It is an important character in South-South cooperation to realize cooperation and exchanges based on the position of complete equality according to each other's interests.

The developing countries should establish measures for comprehensively expanding and developing South-South cooperation while thoroughly abiding by these principles. They should actively carry out economic and technological cooperation and exchanges.

South-South cooperation should be realized first in urgent and practically possible domains, and should be developed in such a manner as to expand it gradually while accumulating experience and consolidating achievements. This is the very effective way for expanding and developing South-South cooperation.

It is important for developing countries to pay essential attention to resolving the problem of food and funds and to actively develop mutual cooperation and exchanges in this sector. This is also related to the fact that the imperialists carried out dominationist maneuvers more undisguisedly by using food and funds as weapons.

Therefore, for developing countries to solve this problem, they should be able to solve the problem of food for the people and to firmly safeguard the nation's independence.

In addition, they should actively discover leverage and possibilities for expanding and developing South-South cooperation in domains of science, technology, development of natural resources, industry, education, and culture; and should put them into practice with various methods and forms.

Success in South-South cooperation depends on the decision and efforts of developing countries. Only when developing countries make active efforts to develop South-South cooperation by firmly standing on the principle of collective self-reliance, can they successfully build self-reliant, national economies and foster power for resisting advanced countries and their capabilities in negotiations. Thus, they can successfully build a new international economic order by smashing the outdated international economic order.

Our people will, in the future, too, as in the past, make every effort to actively strengthen and develop friendship and cooperative relations with developing countries under the wise leadership of the great leader Comrade Kim Chong-il by highly upholding the banner of independence, friendship, and peace. We will sincerely fulfill the responsibility and duties assigned to us for the lofty work to realize South-South cooperation.

South Korea

Aid to North Not Seen Boosting Rice Imports

SK2406005495 Seoul THE KOREA HERALD in English 24 Jun 95 p 8

[FBIS Transcribed Text] The 150,000 tons of rice aid to be provided to North Korea free of charge is not seen prompting South Korea to boost its rice import from the current annual import quota of 51,000 tons, a top agricultural policymaker said yesterday. But the current supply hints at the South's purchase of foreign rice in the event of additional rice aid.

"We retain sufficient stocks to deliver the 150,000-ton rice aid," said Choe In-ki, minister of agriculture, forestry and fisheries.

"There are no plans to hike imports," said Choe in an informal meeting with reporters yesterday morning.

However, the government is not completely ruling out the possibility of more imports, especially in regards to President Kim Yong-sam's remark late Thursday [22 June] that the South may send additional rice even if it means importing more rice.

In reference to the president's comment, the minister said that in the event of supplying imported rice to the North, "the rice will be directly supplied from the exporting nation to North Korea."

The scenario of the South's buying foreign rice is probable, should the scheduled inter-Korean talks generate additional rice aid to the North.

Based on the ministry's June grain statistics, the South has a rice reserve of about 7,011,100 sok or 1,009,584 tons. One sok is equivalent to 144 kg.

The amount takes into account the government-held reserve of about 6 million sok plus a little over 1 million sok being held by private grain wholesalers and retailers, said an official at the ministry's food grain policy division.

But the government customarily retains the amount equivalent to two months' consumption, which in the case of South Korea is about 6 million sok.

Out of the total reserve of a little over 7 million sok, this hence leaves an extra amount of around 1 million sok, or little less than 150,000 tons.

Meanwhile, rice market watchers projected that an additional rice deal may ultimately push up the rice price in the international market.

Following the South's rice deal first announced Wednesday, Japan had indicated yesterday it is ready to supply 300,000 tons of rice to the North.

According to Associated Press report filed out of Tokyo, as of May, Japan had stocks of imported rice totaling 780,000 tons.

"Should the international rice price head upward, the South will have to bear the burden of having to import at a higher price," a Seoul grain trader at an international firm projected.

Under the Uruguay Round Agreement, South Korea is scheduled to import 51,000 tons of rice this year.

The international journal Rice Trader quoted the current international rice price at between $277 and $367 per ton, depending on the origin and type.

In comparison, the rice price in South Korean market is normally three to four times the international price.

The Finance and Economy Ministry had pegged earlier this week the total value of the 150,000-ton rice deal in the $242-272 million range. The figures take into account packaging and shipping costs, in addition to the grain price.

Seoul Planning Measures To Stabilize Rice Price

SK2406015795 Seoul YONHAP in English 0137 GMT 24 Jun 95

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — The South Korean Government, which will supply 150,000 tons of rice to North Korea soon, is planning to institute measures that will keep the domestic price of rice from rising as a result of the rice aid, the Ministry of Finance and Economy said Saturday [24 June].

The ministry will increase the volume of rice to be put up on public auction by agricultural cooperatives and strengthen administrative guidance on wholesale and retail grain dealers not allowing them to raise prices at their discretion.

The 150,000 tons of rice to be supplied to the North was not to come out of the local supplies planned for this year and, therefore, will not affect the domestic supply and demand or domestic rice prices, the ministry explained.

The ministry worried, however, the rice supply to North Korea may psychologically affect rice dealers as well as consumers, causing inflationary pressures.

The price of medium-quality rice, which hovered around 107,000 won per 80 kilograms at the end of last May, was quoted at 108,000 won at a public auction market in Seoul on June 22 amid declining releases from farming households and agricultural cooperatives, officials said.

Effect of Aid to DPRK on Rice Prices Viewed

SK2506024595 Seoul THE KOREA HERALD in English 25 Jun 95 p 8

[FBIS Transcribed Text] The domestic and overseas rice prices are feared to head upward with 150,000 tons of rice aid to North Korea being provided free of charge.

The government has been stressing the rice aid will not impact the price in the South Korean or international markets as the entire amount is being drawn from the government grain reserves.

"Nonetheless the psychological factor is hard to ignore, especially in the event that Seoul and Pyongyang strike further rice deals," said an official at the Ministry of Agriculture, Forestry and Fisheries yesterday.

The other variable yet to be seen is this year's rice yield. "In the event of poor weather or some wholesale merchants stockpiling the rice, the price jump is a sure guarantee," a researcher at the government-run Korea Rural Economic Institute projected.

This week in Seoul, the mid-grade rice was fetching the retail price of about 108,000 won per 80kg bag, up marginally from the 107,000 won seen a month ago.

In a move to stabilize the rice price, the government plans to step up rice purchase from farmers.

An official at the National Agricultural Cooperatives Federation said the federation was doubling the rice purchase from the farmers in July to 115,000 tons, from the originally planned buying amount of around 57,000 tons.

Rice price in overseas markets have also been showing an upward trend even before the inter-Korean rice deal was reported last week.

Another grim aspect is the declining rice production worldwide, despite an increasing demand. According to the U.N. Food and Agricultural Organization (FAO), this year's world rice output is projected to slip by 0.6 percent to 350 million tons. However, rice consumption is seen steadily increasing into the next few years.

The FAO report pegged the 1995 world consumption at 360 million tons.

Kotra Official Discusses N-S Rice Talks Process

SK2706080095 Seoul MUNHWA ILBO in Korean 27 Jun 95 p 8

[Interview with Hong Chi-chun, director of the North Korean Affairs Office at the Korea Trade Promotion Corporation by unidentified reporters regarding the South-North Korean rice talks on 26 June in Seoul; compiled by reporter Ye Chin-su — first two paragraphs are MUNHWA ILBO introduction]

[FBIS Translated Text] It has been disclosed that the Korea Trade Promotion Corporation [Kotra] began conducting rice talks with the North Korean side as early as March this year. In a meeting with reporters on the afternoon of 26 June, Hong Chi-chun, director of the KOTRA's North Korean Affairs Office, said that the issue of suppling rice to the North became a topic of active discussion during talks from 3 to 6 June with Choe Su-chin, president of the National Development General Corporation of Heilongjiang Province, the PRC, on the supply of rice.

Director Hong said, however, that the rice supply issue was merely discussed at that time, and added that no agreement was reached with the North Korean side on the question of establishing a trade center in the Najin-Sonbong area.

[Unidentified reporter] What was discussed at the first round of your talks?

[Hong Chi-chun] The question of rice supply was officially discussed for the first time in March. The North Korean side requested rice through various channels. At the first round of talks on the rice supply with President Choe of the National Development Corporation, our side stressed that future talks be held between the authorities concerned of South and North Korea. Through President Choe, the North Korean side, too, informed us that if the rice talks succeeded, the dialogue between the authorities concerned would be possible, too.

[Unidentified reporter] When was the second round of talks held?

[Hong] I held the second round of talks with Kim Pong-ik, president of North Korea's Samcholli General Company, from 12 to 16 June. At that time, on the government's behalf, KOTRA strongly suggested that the talks be held between the authorities concerned.

Afterwards, the talks proceeded at a vice-ministerial level.

[Unidentified reporter] Why were the follow-up working-level talks on rice delayed?

[Hong] We had difficulty in choosing appropriate terminology because of the language gap between South and North Korea. We spent much time selecting terms of lesser importance: For example, when we said "hayok [unloading of cargo]" with a South Korean term, the North Korean side used "hason [unloading of shipment]." When we said "sangho [mutual]," the North Korean side used "hosang." When we used "kigannae [by a certain time]," the North Korean side used "kiganan."

[Unidentified reporter] What is your opinion about the prospects for the future economic cooperation following the supply of rice?

[Hong] Rice is political. We can say that the very fact that North Korea accepted South Korea's rice supply is a sea change. I believe that South-North economic cooperation will also proceed smoothly.

[Unidentified reporter] What was the reason for the North Korean side designating Najin and, later, Chongjin, ports located in the northern area of North Korea along the East Sea, as the places for receiving rice?

[Hong] We considered Najin Port the obvious choice in being designated as a port of unloading because it is a free port. Chongjin Port, however, was rather unexpected. It appears that this port was chosen because the food shortage problem is most serious in North Hamgyong Province.

First Shipment of Rice Reaches North Korea

SK2706013895 Seoul THE KOREA TIMES in English 27 Jun 95 p 1

[FBIS Transcribed Text] A South Korean freighter dropped anchor at the North Korean port of Chongjin yesterday, ending its historic voyage to transport the South's rice to the North, the Ministry of National Unification said yesterday.

The "Sea Apex," carrying 2,000 tons of rice, departed South Korea's eastern port of Tonghae at 5 p.m. Sunday and arrived in the North Korean port 250 miles to the north at around 4 p.m.

"The ship entered North Korean territorial waters at 3:20 p.m. and arrived at the outer port area at 4 p.m. where a North Korean pilot boarded the ship" a ministry spokesman said.

Originally, the ship set sail towards Najin Port but Pyongyang urgently asked Seoul yesterday night to change its destination to Chongjin, ministry officials said.

The ship's voyage was delayed one day because Pyongyang asked Seoul to postpone its departure, saying that it was not prepared for rice transportation and storage.

Its departure came after the Korea Trade Promotion Corporation (KOTRA) and the Korea Samcholli General Corporation signed an agreement in Beijing yesterday on the delivery schedules for the 150,000 tons of rice Seoul pledged to give to Pyongyang.

The freighter managed to establish radio contact with the Chongjin radio station at around 10 a.m. only after it sent radio messages by way of the Choshi wireless station in Japan, the Agriculture-Forestry-Fisheries Ministry said.

The first radio message the South Korean freighter received from Chongjin read, "One of our (North Korean) pilots shall meet your vessel when it reaches a point in Chongjin Harbor where it must be guided by the pilot," the ministry said.

Once the Sea Apex entered Chongjin Port, the vessel has to abide by the North's instructions ceasing all radio communications with its firm, the Namsong Shipping Co.

Under international practices, Namsong expects that North Korea will keep it informed regarding progress in the rice's unloading, crewmen's safety, the condition of the vessel and when it will depart for the South through the North's maritime agent, KOSA. Otherwise, the North Korean authorities may relay such information directly to the Seoul central wireless station, a company official said.

Earlier, Prime Minister Yi Hong-ku said in a departure ceremony that the rice aid will become an "important landmark in inter-Korean relations."

"There will be no major hurdles in inter-Korean relations if South and North Korean authorities resolve problems in the spirit of inter-Korean reconciliation and cooperation," he said.

Seoul Decides To Help North Improve Agriculture

SK2406070295 Seoul TONG-A ILBO in Korean 24 Jun 95 p 2

[FBIS Translated Text] With a view to improving North Korea's agricultural structure, the government decided to push ahead with North-South exchanges in the agricultural field, including the supply of rice seeds, fertilizer, and agricultural machines.

In a briefing with reporters on 23 June, Minister of Agriculture and Fisheries Choe In-ki stated: "With a view to improving North Korea's rice productivity, the ministry is discussing with relevant government offices and agencies the issue of providing North Korea with fertilizer, rice seeds, agricultural chemicals, and agricultural machines in addition to rice."

Minister Choe also noted: "An office was formed within the Office of Agricultural Promotion to research North Korea's agricultural structure and situation as regards its grain production. Thus, the Ministry will seek measures for improving North Korea's agricultural structure in cooperation with North Korea's agriculture-related research institutes."

Minister Choe pointed out that in the event the ROK offers rice to North Korea in addition to the 150,000 tons in its first shipment, and if it purchases this rice from overseas markets, then the government will actively review a plan to directly send this rice to North Korea through domestic civilian companies or the Office of Supply rather than bring it through the ROK.

Minister Choe said that of 150,000 tons of rice to be offered in the first shipment, 100,000 tons will be ordinary rice produced in 1989, 1992, and 1993; the remaining 50,000 tons will be a 1993 product.

Restoration of N-S Roads, Railways Planned

SK2406012495 Seoul THE KOREA TIMES in English 24 Jun 95 p 3

[FBIS Transcribed Text] The government will vigorously promote the restoration of national roads and railways linking the South and the North in expectation of a brisk increase in travel and trade between the two Koreas.

Anticipation of increased traffic was prompted by the successful conclusion of the light-water nuclear reactor talks between the United States and North Korea in Kuala Lumpur on June 12 and the successful rice aid talks between Seoul and Pyongyang Wednesday [21 June] in Beijing.

In preparation for the projects, the government will begin restoring such South Korean motorways and railways as the Kyongi (Seoul-Sinuiju) and Kyongwon (Seoul-Wonsan) lines, officials at the Ministry of Construction and Transportation said yesterday.

The ministry will spend a total of 46.9 billion won (62 million dollars) by the end of next year to complete the expansion and paving of the 6.4km section of National Road No. 1 (Mokpo-Sinuiju), which links the Bridge of Freedom and Panmunjom, as well as the 10.7km section of National Road No. 3 (Namhae-Chosan) stretching between Sintan-ri, Yonchon-kun, and Wolchong-ri, Chorwon-kun, they said.

The two-lane 10.7km section of National Road No. 3 will be completed within this year, while the four-lane section between the bridge and the truce village will be opened by the end of next year, they said.

The ministry will also begin paving a 2.8km section of National Road No. 7 (Pusan-Unsong), connecting Myongho-ri, Kosong-kun and Songhyonjin-ri, both in Kangwon Province.

As for restoration of the discontinued railway, the ministry plans to purchase lots to build a new 12km track on the Kyongi Line between Munsan and Changdan, officials said.

Officials added that the ministry may open sea and air routes between the South and the North, depending on how inter-Korean relations progress.

Daewoo Asks Cash Remittance to North for Project

SK2406044895 Seoul TONG-A ILBO in Korean 24 Jun 95 p 1

[FBIS Translated Text] For the first time, a cash remittance to North Korea is likely to be realized in early July at the latest.

According to authorities concerned and business circles on 23 June, the Daewoo Group has requested the remittance of $5.12 million to the Samcholli General Corporation, its North Korean joint venture partner, in order to facilitate its project in North Korea. However, the request was turned down by the Ministry of Finance and Economy [MFE] due to a lack of relevant regulations. Nonetheless, following the government's decision to ease various restrictions regarding North-South economic cooperation in the wake of the rice aid settlement, the MFE and the Board of National Unification have reportedly agreed to allow remittances by enacting an exceptional provision for the operation of Daewoo's light industry plant in the Nampo Industrial Complex.

Accordingly, Daewoo has already completed the preparations for the remittance, and will reportedly remit $5.12 million to North Korea as soon as the government completes the enactment of the exceptional provision.

In the event Daewoo sends the money to North Korea, it will be the first remittance between the North and South.

ING Bank Manager on Branch Office in DPRK

SK2506031095 Seoul THE KOREA HERALD in English 25 Jun 95 pp 8, 12

[By staff reporter Kang Sok-chae]

[FBIS Transcribed Text] The opening of a joint venture bank between ING Bank of the Netherlands and North Korea is due in September at the latest and the venture will take a form of a small representative office initially in Pyongyang according to a top banker of the ING Bank Seoul branch yesterday.

"It will take one or two months more for us to acquire the banking and business license for the joint venture from the central bank of Pyongyang," said Jan Bosma, general manager of the ING Bank Seoul branch, in an interview with THE KOREA HERALD.

Bosma said he sees no problem in receiving the license for the joint venture bank from the Central Bank of the Democratic People's Republic of Korea (DPRK). "The current friendly inter-Korean relations surrounding Seoul's rice aid to Pyongyang would be very helpful in our business."

Under the initiatives of Bosma, ING Bank and Korea Foreign Insurance Co. of North Korea agreed in January this year to set up a joint venture bank, called ING-North East Asia Bank, in the North.

Bosma said that his bank sent Alastair Watson, the future general manager of the joint venture bank, to Pyongyang in early May for preparatory work.

"He is now in the process of finding office space and a few local staff members to start a small office in Pyongyang," Bosma said, adding that his bank plans to hire three to four North Korean staff members for the joint venture firm.

Watson, a Briton, worked as a manager in the international division of a British bank until a couple of years ago before going to East Europe where he worked for another international British bank.

Bosma said the registered head office will be in the Najin- Sonbong free economic zone in the northeast of North Korea, but there will be no physical presence there. "And the joint venture bank will have a branch in Pyongyang and that's where we start our business."

"Even after receiving the banking license for the joint venture bank, we will act more as a representative office for the time being until we decide to build up the office into a full branch and that will take a little bit longer," Bosma said.

"We can transfer the business from Pyongyang to Najin and that's a possibility. It all depends on the development of the Najin- Sonbong area," he said, adding that at the moment there is little development.

Asked about the prospects for banking business in the North, Bosma said that though there is little business right now, there will be enormous potential in the future. "When we start business in a country, we don't look at the short term, we are more looking at long term. So we see definite potential in the long term. And we are interested in being in a country at the outset of such a development."

Foreign companies, including Korean ones, will be more active in North Korea by way of trading and investments in the future and the joint venture bank can assist them in doing their business, he said.

Bosma said that it was Pyongyang who wanted to establish a joint venture bank in the North.

"Normally we want to start with a representative office then we change that into a branch or a subsidiary. But Pyongyang wanted us to start immediately with a joint venture bank at the outset of our discussions," Bosma said, adding that the main reason would be that North Korea wanted immediate capital commitment from ING Bank and actual trade transactions with foreigners through the joint venture bank. A representative office is not allowed to do any business.

Small, Medium Businesses Ready To Enter North

SK2506024695 Seoul THE KOREA HERALD in English 25 Jun 95 p 8

[FBIS Transcribed Text] With a thawing mood in economic relations between South and North Korea ripening, small- and medium- sized enterprises (SMEs) in the South are poised to aggressively advance into the North.

Some SMEs are seeking to advance into the North Korean market through a business tie-up with large companies, and others are preparing for an independent advancement into the North.

Most SMEs in South Korea wish to advance into the Nampo Industrial Estate located near Pyongyang, rather than Najin and Sonbong where large companies favor to set up their offices, a senior official at the Korea Federation of Small Business (KFSB) said yesterday.

SMEs are expected to face serious difficulties in advancing into Najin and Sonbong because of insufficient basic structures and the North's policy to foster the region as a center of heavy industry, he said on condition of anonymity.

Meanwhile, Nampo could be an ideal place for SMEs in the South, mostly engaged in light industry, to expand their business in the North, he said, adding that the North Korean government recently announced a plan to establish an industrial estate exclusively for South Korean enterprises in Nampo.

To help SMEs advance into the North, the KFSB is now busy gathering information about the investment environment in the Nampo Industrial Estate, he said.

He also expressed concern about the move of some large companies to do such businesses as clothing, toy and bag manufacturing, which are originally reserved for SMEs here under the government's industrial policy, in the North.

Several large enterprises have staged excessive competition with each other to advance into the North, while encroaching upon the business lines reserved for SMEs, he added.

In the meantime, LG International Corp., a trading arm of LG Business Group, recently signed a $500,000 contract with a North Korean company to produce bags, footwear and clothing in the North, based on processing on commission.

After concluding the contract, LG designated some 40 SMEs in the country as its business partners and received raw materials necessary for the production of the goods from them.

LG sent the raw materials to the North and the North Korean company is currently manufacturing the products in Pyongyang-based factories, business sources said.

It is the first processing on commission trade realized between a group of South Korean companies and a North Korean business.

Enterprises Push To Enter North Korean Market

SK2606132495 Seoul KBS-1 Radio Network in Korean 0200 GMT 26 Jun 95

[FBIS Translated Text] Owners of enterprises whose native hometowns are in North Korea are actively pushing to advance into North Korea.

The Hyundai Business Group is planning to push again for a project for the development of Mt. Kumgang, a project which Honorary Chairman of Hyundai Group Chong Chu-yong — whose native hometown is Tongchon, Kangwon Province — reached an agreement with the North Korean side in 1989.

Chang Chi-hyok, chairman of the Kohap Business Group whose native hometown is Yongbyon, North Pyongan Province, has recently obtained approval from the government to do business in North Korea. As a result, he is making haste to build a textile plant in Nampo.

So Song-hwan, chairman of the Taepyongyang (Pacific) Business Group whose native hometown is in Hwanghae Province, is also planning to establish a cosmetics plant and a soap plant in his hometownJinro Business Group, whose founder's native hometown is Yonggang, South Pyongyang Province, has decided to build a soju liquor plt there and is accordingly carrying out active activities.

In addition, most of the businessmen who came from North Korea, such as Pak?g-hak, chairman of Taenong Business Group; and Yim Kwang-chong, chairman of the Hanguk Cosmetics Corporation, are actively pushing for tir projects to advance into the North.

Position on North Infrastructure Investment Noted

SK2506054995 Seoul CHOSON ILBO in Korean 25 Jun 95 p 2

[By reporter Kim Chae-ho]

[FBIS Translated Text] The government's position is that it will withhold approval to invest in infrastructure facilities in the Najin-Sonbong district until after the second meeting on this matter slated for 15 July, when a safety device such as an investment guarantee agreement is provided.

A government official revealed on 24 June: "There is no change in the basic position that the approval to invest in infrastructure facilities in the Najin-Sonbong region will be withheld until a safety device for investment is provided. If South-North economic cooperation is activated after the rice talks, investment projects related to processing-on-commission trade, such as textile and needlework, will be assisted first."

Next to Daewoo, as soon as Kohap Group receives approval for cooperation work from the Ministry of National Unification Board, it is preparing to remit over $5 million for investment in the North.

Plan To Promote N-S Economic Cooperation Noted

*SK2606014995 Seoul YONHAP in English
0142 GMT 26 Jun 95*

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — The South Korean Government plans to resume deliberations concerning business applications submitted by enterprises here wishing to invest in North Korea, in a bid to actively promote inter-Korean economic cooperation, government officials said Monday [26 June].

Judging that a reconciliatory atmosphere currently exists on the Korean peninsula, the government will positively study the applications, which have thus far been put aside because of cooled relations with Pyongyang, to allow the businesses to invest in North Korea.

Inter-Korean relations have recently showed signs of improvement as South Korea agreed with North Korea to supply 150,000 tons of rice to the North at recent talks held in Beijing and made plans to hold another round of inter-Korean talks around July 15.

The government will consider project proposals submitted by those businesses like Samsung, Ssangyong and Tae-chang and plans to approve them as soon as possible provided it considers them appropriate.

Samsung Electronics Co. which has already agreed with North Korea to invest in projects valued at 14 million U.S. dollars, expanding telecommunication networks in the Najin-Sonbong Free Economy and Trade Zone, is still waiting for the government's approval before initiating follow-up measures.

Ssangyong Corp. is pushing to establish a joint venture with North Korea's Economic Development General Corp. which would develop, sell and rent real estate in Najin city. Meanwhile Tae-chang Co., Ltd. is planning to bottle mineral water from Mt. Kumkang in the North to sell to South Korea.

Banks Offer Unification-Related Services

*SK2606135495 Seoul KBS-1 Radio Network
in Korean 0200 GMT 26 Jun 95*

[FBIS Translated Text] It appears that many banking services related to national unification will be available as South-North Korean economic cooperation has become highly likely due to the supply of light-water reactors and rice to North Korea.

The Chohung Bank began offering such banking services related to national unification in August 1993 for the first time. The Tonghwa Bank, also, has been offering such services since January 1994. The combined receipt of credit of those banks now stands at 63.9 billion won in 78,260 bank accounts.

Those banks are donating 10 percent of their profits from such banking services related to national unification to funds for South- North cooperation. The donated money amounts to about 108 million won.

Tonghwa Bank's Unification Family Bank Account and Chohung Bank's Account Book Wishing for Unification will provide a certain amount of money to private customers or enterprises to visit North Korea, or meet with their separated families, or participate in South-North economic cooperation projects, if they meet certain requirements.

Seoul Approves Firms' Investment Plans in North

*SK2606085595 Seoul YONHAP in English
0808 GMT 26 Jun 95*

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — The government has approved Hanil Synthetic Fiber Industrial Co. and Kukje Corp.'s plans to make a joint investment in North Korea's textile and footwear sectors, Deputy Prime Minister and National Unification Minister Na Ung-pae said Monday.

Under the government's approval, Hanil and Kukje are scheduled to start full-fledged discussions on matters concerning equity shares and investment types with North Korea's Unha Trading Company very soon.

Hanil plans to invest some 5.8 million U.S. dollars in sweater, sewing and blanket manufacturing, while Kukje plans to pour 3.5 million dollars in shoe production.

These two companies are the third and fourth South Korean companies to receive government approval to invest in North Korea following the Daewoo and Kohap Business Groups.

N-S Marine Company for Timber Shipment Promoted

*SK2606095595 Seoul KBS-1 Radio Network
in Korean 0200 GMT 26 Jun 95*

[FBIS Translated Text] The establishment of a South-North Korean joint venture marine shipping company to transport timber from the Tumen River area in North Korea is being promoted.

On 26 June, the ROK Timber Transportation Association made public that it would attempt to establish a South-North Korean joint venture marine shipping company by approaching a North Korean marine trading company through the Yanbian Marine Shipping Corporation, a PRC-resident Korean national's enterprise in Yanbian, the PRC.

The ROK association is studying ways to also participate in the development of Ungsang port, North Korea's largest port for the transportation of timber in the lower reaches of the Tumen River; and to open a sea route linking Ungsang port with Pusan, Inchon, and Nakhodka and Korsakov of Russia.

The maritime business sector is hastily making preparations for operations believing that it is highly likely that the timber produced in the Tumen River area will be imported into the ROK because timber production in Southeast Asia is rapidly decreasing and because in recent days South-North relations have been improving.

New Guidelines Announced on Remitttance to North

SK2706022895 Seoul THE KOREA HERALD in English 27 Jun 95 p 8

[FBIS Transcribed Text] Starting tomorrow, South Korean businesses and individuals will be allowed to send money to the North to make investments or set up branch offices after obtaining approval from the minister of the National Unification Board (NUB) alone.

Overseas subsidiaries of domestic corporations and their joint ventures will have to get permission from the NUB minister to remit foreign exchange to the North for investment purposes.

South Korean firms' subsidiaries wholly incorporated in the North will be permitted to borrow money from foreign financial institutions for their investment.

The government, however, will impose a threshold on the amount of foreign exchange that South Korean businesses can send to the North in consideration of the high risks involving investments in the Communist country.

These are the main points of government guidelines for foreign exchange control regarding investment in the North, announced by the Ministry of Finance and Economy yesterday. The guidelines are designed to help domestic companies obtain foreign exchange needed for their investment in the Stalinist country at the right time and cut related red tape, a ministry official said.

Formerly, would-be investors in the North had to obtain approval both from the NUB minister and the Bank of Korea which exercises control over the nation's foreign exchange reserves, to send foreign exchange to the North.

Under the new guidelines, potential investors will have only to get permission from the NUB minister, which will be subject to certification by designated foreign exchange banks here.

Before the NUB minister approves investment applications, he or she will have to consult with the minister of finance and economy on the feasibility of them.

South Korean firms' subsidiaries incorporated in the North will also be allowed to seek payment guarantee or collateral from their parent companies when they raise funds for their investment.

But the government will put a limit on the sum of money that would-be investors can send to the North in consideration of the fact that the two Koreas have no investment guarantee agreement in place.

When South Korean businesses want to raise funds offshore to make facility investment in their North Korean subsidiaries, they will have to obtain permission from the NUB minister. A ceiling of around $5 million will be placed on investment in plants and equipment.

Each year, South Korean corporations will be allowed to send to their North Korean subsidiaries and branches operating capital equivalent to 40 percent of the subsidiaries and branches' sales revenues the previous year.

The remittance of working funds in excess of the 40 percent limit will be subject to approval from the minister of finance and economy.

For ex-post-facto management of investment in the North, a would- be investor will be required to conduct business with only one foreign exchange bank here in order to remit investment money, receive profits and make settlements.

The guidelines, which followed the conclusion of inter-Korean talks on rice aid in Beijing last week, are expected to galvanize South Korean investment in its Communist rival and South-North economic cooperation which has been in the doldrums because of Pyongyang's suspected nuclear development.

Encouraged by the successful rice talks, the government is poised to accelerate inter-Korean economic cooperation by approving domestic corporations' investment in the North.

The government has resumed the deliberation of corporate applications for investment in North Korea and allowed Daewoo Corp. to invest $5.12 million in its joint venture with a North Korean firm for the first time.

It will also approve investment applications by seven other firms as early as possible, officials said.

Meanwhile, business tycoons who come from North Korea are again pushing for making investments in the North, riding on the thawing mood between the two Koreas in the wake of the successful rice talks.

Among them are Chong Chu-yong, founder and honorary chairman of the Hyundai Business Group; Pak Yong-hak, honorary chairman of the Dainong Business Group; Chang Chi-hyok, chairman of the Kohap Business Group; and Chang Chin-ho, chairman of the Jinro Business Group.

Defector: North Operates Dollar Printing House

SK2406072895 Seoul CHUNGANG ILBO in Korean 24 Jun 95 p 3

[Report by Choe Won-ki: "'Counterfeit Dollar Printing House' in Pyongyang"]

[FBIS Translated Text] On 23 June, Kang Myong-to, 37, who defected from North Korea, exposed that North Korea is operating a state-run counterfeit bank note printing house in Pyongyang, and that this house prints approximately $8 to $10 million worth of counterfeit dollar bills annually.

In an article in the book he wrote under the title, "Pyongyang Dreams of Defection," which was published by CHUNGANG ILBO, Kang Myong-to, who is the son-in-law of the premier of the North Korean Administration Council, said that North Korea set up a secret printing house under the No.3 Office, which is in charge of South Korean affairs, and is printing counterfeit dollars on a large scale. He revealed that this printing house is operated under the name of the 101st Liaison Office and is located in Yonhwadong, Chunggu District, Pyongyang.

Kang Myong-to pointed out that since 1987, North Korea has been operating "the Hwanggumsan General Bureau" within the Foreign Ministry, and leaked counterfeit dollar bills overseas, thus laundering the money.

He exposed that the counterfeit dollar bills are brought to Hong Kong, Macao, Beijing, the Middle East and the like, by North Korean diplomats taking advantage of their diplomatic immunity privileges, and that the forged bills are laundered through black market dollar dealers.

It is the first time that the location of the counterfeit dollar bill printing facility operated by North Korea and the method in which the money is laundered are exposed.

DPRK Expands Diplomacy in Southeast Asia

SK2606140595 Seoul SEOUL SINMUN in Korean 26 Jun 95 p 18

[Report by Ku Pon-yong]

[FBIS Translated Text] During the first half of this year, North Korea has been actively engaged in diplomacy by visiting and inviting officials from Southeast Asian countries, drawing keen attention to the background behind such diplomatic offensives.

In May alone, five organizations from three Southeast Asian countries, including the Laos National Assembly, represented by its Chairman Saman Vi-gnaket; and a Cambodian People's Party delegation visited North Korea. North Korean Railway Deputy Minister Pak Yong- sok's visit to Vietnam and other North Korean key figures' visits to other Southeast Asian countries can also be understood as diplomatic offensives.

In addition, North Korea is expanding close cooperation with Asia-Pacific countries, such as Thailand, Philippines, Australia, Bangladesh, Malaysia, and Taiwan. For instance, last February, North Korea tentatively agreed with Thailand to import 300,000 tonnes of low-quality rice on credit or in barter trade. In addition, Hwang Chang-yop, North Korean party secretary in charge of international affairs, has recently visited Nepal and promised assistance in a hydroelectric power plant project.

North Korea is actively engaged in diplomacy with the Southeast region to defuse its facing economic crisis, rather than to strengthen its political alliance. Up to now, North Korea's overseas exchanges were mainly focused on China, Russia, Eastern Europe, and Africa. The economic impoverishment in these countries, except China, has further limited its overseas trade.

Considering this situation, from the beginning of this year North Korea began to turn its eye to Southeast Asian countries. Furthermore, these countries are politically divided into a nonaligned sphere, socialist sphere, and pro-Western sphere, thus enabling North Korea to fill its diplomatic loss in the aftermath of the collapse of Eastern Europe.

North Korea is doing its utmost in invitation diplomatic activities among Southeast Asian countries, especially with Laos and Cambodia. This is seen part of its intention to check our side's attempt to establish diplomatic relations with these two countries.

It goes without saying that North Korea's intensification of diplomatic activities with the developing countries in Southeast Asia is aimed at expanding exports of its ammunition goods.

U.S. Organization Plans Cow Donation to North

SK2606032695 Seoul TONG-A ILBO in Korean 26 Jun 95 p 2

[Report by YONHAP from Seoul]

[FBIS Translated Text] It was confirmed on 25 June that in the midst of the increasingly lively exchanges and contacts between North Korea and the United States, a religious organization in the United States recently agreed to donate several hundred milk cows to North Korea.

That day, Dr. (Charles Weekman), secretary general of "The Center for American-North Korean Understanding" (CANKU), headquartered in Virginia Beach, Virginia, said: "This agreement was reached when a delegation of CANKU, including the presidents of Christian-affiliated universities in the United States, visited North Korea from 6 to 13 June."

Woman Said Involved in Visa Case Interviewed

SK2706025795 Seoul CHOSON ILBO in Korean 27 Jun 95 p 30

[Fax and telephone interview with Jennifer Kim, allegedly involved in fraudulent U.S. visa issuance case, by Kim Min-chol; place and date not given — first paragraph is CHOSON ILBO introduction]

[FBIS Translated Text] In fax and telephone interviews with CHOSON ILBO, Jennifer Kim, 33, insisted that "I do not know why on earth I am being charged with issuing illegal visas." Here are the contents of the interviews:

[Kim Min-chol] The U.S. Embassy has asked ROK law enforcement authorities to investigate your connection with this case. How do you react to this?

[Jennifer Kim] Not only did I not receive the money concerned with visa issuance, but I did not receive a cup of water from anybody. I worked as a low-level employee for 14 months. At the consular department, I was only in charge of the affairs of confirming name lists and numbers.

[Kim Min-chol] For what reason are you being charged?

[Jennifer Kim] It seems that some of the embassy staff members, who were involved in the graft case, have made false charges against me to clear themselves of suspicions. I think this case stems from the U.S. public organ's organizational prejudice against Korean-Americans. I think there is a chance that they have chosen me as an example out of racial discrimination.

[Kim Min-chol] Are you currently being fired?

[Jennifer Kim] I am currently on leave without pay. I was not dismissed because I was found to have been guilty. I do not know why the embassy has put me on leave without pay.

[Kim Min-chol] What steps have you taken so far to prove your innocence?

[Jennifer Kim] I have sent a letter to U.S. Ambassador Laney, protesting the U.S. Embassy's "irresponsible and rash" steps against me. If I am proved to be innocent as the result of the police investigation, I will seek appropriate measures.

[Kim Min-chol] Why do you think the case of fraudulent visa issuance occurred?

[Jennifer Kim] I think this originated from the fact that the U.S. Embassy's visa handling work has not kept up with the ROK's heightened profile. With this opportunity, I think those rich parents who have asked for illegal visa issuance, visa brokers, agencies that arrange overseas studies, and some embassy employees should pay appropriate penalties for this.

[Kim Min-chol] How do you feel now?

[Jennifer Kim] I am mortified at being mistreated. I think this lonely fight is not for me alone. The truth is bound to be revealed. (During the interviews, she was ready to burst into tears and kept repeating that "she was mistreated." Her husband, who is a U.S. serviceman, persisted in pleading her innocence.)

Prosecution Gives Opinions for SOFA Revision

SK2506075695 Seoul CHUNGANG ILBO in Korean 25 Jun 95 p 3

[Report by Kim Chin-won]

[FBIS Translated Text] The Seoul District Prosecution Office prepared a statement of opinion [uigyongso] with regards to the revision of the ROK-U.S. Status of Forces Agreement [SOFA]. The main point of the statement is to delete the article stipulating the relinquishment of criminal court jurisdiction over U.S. soldiers stationed in the ROK when the U.S. military authorities request it. The Seoul District Prosecution Office on 24 June submitted the statement to the Ministry of Justice. The government intends to work out a plan for the revision of the SOFA based on this statement and to discuss it with the U.S. side.

The revision statement provides that the relevant article on the agreement agenda stipulating the relinquishment of court jurisdiction should be deleted and that the ROK court will, in principle, exercise jurisdiction, and the court jurisdiction will be relinquished only when a U.S. request is considered significant.

The statement also prescribes that the time for taking over a suspected U.S. soldier will be immediately after he is indicted, as opposed to after the court decision. The revised provision states that in the event the suspected U.S. soldier is held by the ROK side from the beginning, he will not be, in principle, handed over to the U.S. side.

Meanwhile, this will only be applicable to U.S. soldiers; U.S. military civilians; and their family members, such as their spouses, parents, and children, excluding other relatives.

At the same time, the statement provides the deletion of the provision which restricts the appeal to a higher court in case the first trial ends with an innocent verdict, and ensures the right for an appeal, just as for the natives. In addition, the final decision on whether a crime is committed while on official duty or not will be made by our court. The current agreement restricts the court jurisdiction if crimes are committed while the person is on official duty.

'Understaffed' Property Agency Delays Reviews

SK2706021595 Seoul THE KOREA HERALD in English 27 Jun 95 p 8

[FBIS Transcribed Text] A government industrial property agency is understaffed, causing a delay in examination of applications for industrial property rights such as patents, utility models, designs and trademarks, and, even in some cases, resulting in insufficient scrutiny.

According to the Korean Industrial Property Office (KIPO), each examiner of patents and utility models handled 320 applications on the average in 1993, much more than the 89 and 255 models for his U.S. and Japanese counterparts, respectively.

In trademarks, each examiner examined 1,966 applications in Korea, compared with 824 in the United States and 1,733 in Japan.

In designs, 2,060 applications were examined per examiner, while 305 and 1,079 in Japan and the United States.

As a result, it took longer for each application to be examined in Korea than in the United States and Japan. One patent or utility model application took two years and 11 months on the average in Korea, compared with one year and seven months in the United States and two years and four months in Japan.

"As countries intensify the protection of their industrial properties with the launch of the World Trade Organization, applications for industrial properties are expected to rise," a KIPO official said.

He also said that the examination of applications for a patent or utility model is required to be completed within two years under the new trade regime and trade conflicts with other countries could occur if the KIPO staff is not reinforced soon.

Government, Russia Agree on Fishery Cooperation

SK2606113395 Seoul YONHAP in English 1057 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — South Korea agreed with Russia Monday on bilateral fishery science and technology cooperation including the exchange of materials on pollacks in the Okhotsk Sea.

An official at the Fisheries Administration said the agreement was adopted at the end of a three-day Korea-Russia fishery science meeting held at the National Fisheries Research and Development Institute.

Materials on north Pacific fisheries resources Russia is to provide to South Korea under the agreement will be of a particular help to South Korea's mackerel pike fishing, he said.

Russia will also under the agreement provide Korea with knowhow on the fish-farm cultivation of tunas and sturgeons as well as on the processing of various sea weeds and fish byproducts, the official said.

Tobacco Firm Plans To Send Cigarettes to Japan

SK2506030895 Seoul THE KOREA HERALD in English 25 Jun 95 p 8

[FBIS Transcribed Text] The Korea Tobacco & Ginseng Corp. has signed a contract with Japanese general trading company Mikuni, to export 1 million packs of 88 Deluxe Mild cigarettes, the corporation said yesterday.

The first shipment of 50,000 packs will leave for Japan next week and a pack will sell for 240 yen (2,160 won) [US$3], it said.

It is the first time in six years for Korean tobacco to hit the Japanese market. Between 1985 and 1989, the corporation exported Pine Tree and Arirang to Japan, which failed to satisfy the palate of Japanese smokers.

Firm Ships 220 Military Vehicles to Indonesia

SK2406005195 Seoul THE KOREA TIMES in English 24 Jun 95 p 16

[FBIS Transcribed Text] Asia Motors Co. Wednesday [21 June] shipped 220 military trucks with a capacity of 2.5 tons to Indonesia, the first export of military vehicles to the South Asian nation by a Korean automaker.

A spokesman said his company is expected to export some 10,000 trucks to Indonesia over the two or three years.

Kim Tae-chung: Ministry Lying on Document Issue

*SK2306231495 Seoul YONHAP in English
1241 GMT 23 Jun 95*

[FBIS Transcribed Text] Seoul, June 23 (YONHAP) — Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, reiterated Friday that the Foreign Ministry document exposed by Rep. Kwon No- kap is authentic.

In an election campaign speech in northern Seoul, Kim said it is rather the Foreign Ministry that doctored the original of the document to make the copy produced by Kwon appear as if it is a false one.

"Rep. Kwon's disclosure that the Foreign Ministry had handed out written instructions to its overseas missions, telling them to collect materials helpful to putting off local elections, is true in every respect," Kim said.

Also saying he is highly concerned about the incumbent administration's unification policy, Kim said he would like to meet President Kim Yong-sam to exchange opinions on inter-Korean issues.

Prosecution Summons DP Lawmaker Kwon for 29 Jun

*SK2406120195 Seoul YONHAP in English
1109 GMT 24 Jun 95*

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — The Seoul Prosecution, probing the alleged alteration of a classified Foreign Ministry document, sent a summons to Rep. Kwon No-kap of the opposition Democratic Party [DP] Saturday, asking him to report to the prosecution next Thursday.

Kwon had repeatedly rejected earlier prosecution summonses, asserting that his appearance at the prosecution at this time would unfavorably affect his party candidates in the local elections early next week.

A prosecution source said the prosecution would like first to find out whether the document at issue was doctored after it was given to Kwon or it was altered by "a diplomat" before he allegedly passed it on Kwon.

The prosecution learned that Kwon made trips to Japan and France last March and April, and is trying to determine if he ever came in contact with embassy officials there during the visits.

The prosecution, at the same time, are checking those officials of the embassies in the two countries in charge of the receipt of messages.

Overseas embassy officials who had visited home in a period from March 23 to the middle of April were also being checked with emphasis on their activities at home.

The source said the prosecution further want to have the "lengthy letter" which the "diplomat" gave to Rep. Kwon along with the controversial document.

If necessary, the prosecution would obtain a search warrant from the court to search Kwon's home and office to obtain the letter, the source added.

Lawmaker: Ministry Ordered Forging of Document

*SK2506103795 Seoul YONHAP in English
0912 GMT 25 Jun 95*

[FBIS Transcribed Text] Seoul, June 25 (YONHAP) — Vice President of the main opposition Democratic Party (DP) Kwon No-kap insisted Sunday that the Ministry of Foreign Affairs had instructed its overseas missions to send to the prosecution a substituted document after forging an original one, which Kwon alleged the ministry had also ordered to destruct.

As evidence, he exposed an identification of an informant and all papers related at a press conference on the day at the DP headquarters.

"The informant who delivered the documents to me is Choe Song- chin, a consul working at the Korean Embassy in New Zealand [no ending quotation marks as received], Kwon disclosed.

He showed reporters copies of the original classified document, another document instructing the fabrication and two Choe's letters addressed to him.

In his letter, Choe said that the Foreign Affairs Ministry had instructed overseas missions to remake and send a fabricated version to their home country by Friday in order to prove the falsification of the document Rep. Kwon revealed.

According to their headquarters' instruction, the overseas mission are sending forged documents to the prosecution, the Foreign Ministry and the Agency for National Security, Choe alleged.

Calling for the foreign minister's immediate resignation and the fair investigation of the prosecution, the DP vice president stressed if and when Consul Choe is unfairly pressed, the DP will firmly cope with it with all the party's might.

Earlier, a monthly magazine reported in its latest issue that the DP vice president revealed a Foreign Ministry document which allegedly instructed the ministry's overseas missions to survey local autonomous systems in advanced foreign countries to collect information available for postponing the upcoming June 27 local elections.

Minister Kong Denies Allegation

SK2506124595 Seoul YONHAP in English
1002 GMT 25 Jun 95

[FBIS Transcribed Text] Seoul, June 25 (YONHAP) — In connection with the vice president of the opposition Democratic Party Rep. Kwon No-kap's allegation that the Ministry of Foreign Affairs had instructed the fabrication of a document, Foreign Minister Kong No-myong strongly refuted it, saying, "I'm clarifying it's completely groundless and invented."

Kong made the remarks at an emergency new conference on Sunday afternoon right after Rep. Kwon's press conference to expose the ministry's alleged instructions.

In his statement, the foreign minister stated, "It's totally unthinkable for the ministry to have ordered 33 missions to gather information on local autonomous systems with a view to using it in delaying the local elections, and then to have newly instructed them to forge the original document so as to cover the fact, considering that the number of officials related reaches minimum 150."

Kong made public a copy of a document as a proof of his remarks, which the missions retransmitted to the the ministry. The Foreign Ministry document had been sent to the missions last Monday.

It could not happen that same are transmitting dates of the original document instructing collection of information and the document ordering the fabrication of the original document, the foreign minister attested.

Premier Urges Probe Into Document Controversy

SK2606113095 Seoul YONHAP in English
1055 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — Prime Minister Yi Hong-ku urged law-enforcement authorities Monday to look thoroughly into the forgery of a Foreign Ministry document, saying the alteration constitutes a grave challenge to the government's credit worthiness.

At a cabinet session, Yi remarked it is deplorable that such old- fashioned incidents occur at almost every election times.

Foreign Minister Kong No-myong said Rep. Kwon No-kap may have some ulterior objective as he made public the document on a Sunday and a few days before the local elections.

"We are led to suspect that Rep. Kwon might have collaborated with Choe Sung-chin in doctoring the document in a political conspiracy from the beginning," Kong said.

Meanwhile, Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, said the government "allegation" that consul Choe Sung- chin doctored the document at issue with the excuse of "one-sided technical matters" has no persuasiveness at all.

"Consul Choe, enraged at the government's anti-democratic schemes like a plot to put off local elections, was accusing such government move at his own sacrifice," Kim said in a statement.

"I would like to ask the people not to be taken in by such government tricks and bring the immoral government practice to justice through the upcoming elections."

Officer Who 'Leaked' Ministry Document Profiled

SK2606032595 Seoul YONHAP in English
0234 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — Choe Sung-chin, 51, the administrative attache at the embassy in New Zealand who leaked what he claims to be a classified Foreign Ministry document to Rep. Kwon No-kap of the opposition Democratic Party (DP), is a sixth grade official who was once relieved of his job at the ministry.

Hailing from Chongson, Kangwon Province, Choe graduated from the state-run communications high school in 1963 before beginning his vocational career at the Chechon Post Office in North Chungchong Province. Two years later he was hired as a clerk at the central post office in Seoul.

After 10 years of service at the central post office, Choe joined the Foreign Ministry in April 1976 as an assistant communications officer at the Telecommunications Division.

He then worked at the embassy in Thailand and later at the Telecommunications Division 2 of the Foreign Ministry until he left the ministry in 1981.

Foreign Ministry officials explained Choe was dismissed because he was frequently in discord with mission chiefs during his stints overseas and also because he had caused problems when handling diplomatic pouches. "His behavior and conduct of service were not good," said an official.

But Choe was rehired 10 years later in 1990 as a communications technician and since 1992 he has been working at the embassy in New Zealand as the administrative attache.

He was known to have told Rep. Kwon that he had served as the "standing chairman of the National Democratic Union of Dismissed Persons after his dismissal in 1981. [quotations as received]

Most ministry officials are curious to see the circumstances of his reemployment.

Choe and his wife have two sons and a daughter.

Officer Linked to 'Forged' Document 'Relieved'

SK2606085795 Seoul YONHAP in English 0831 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — The government on Monday relieved Choe Sung-chin of his post as administrative attache at the South Korean Embassy to New Zealand for his alleged connection with the scandal involving a forged Foreign Ministry document.

Yu Kwang-sok, Foreign Ministry spokesman, said the ministry relieved Choe on charges he deserted his assigned post without permission and disobeyed ministry orders.

The spokesman added the prosecution will proceed with its investigation into the case which suspects Choe may have leaked the falsified government document.

Opposition Plans Complaint Against Ministry

SK2606083895 Seoul YONHAP in English 0502 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — Rep. Pak Chi-won, spokesman for the opposition Democratic Party (DP), said Monday that his party will file a formal complaint against Foreign Minister Kong No-myong with the prosecution in relation to the alleged alteration of a classified Foreign Ministry document.

Rep. Pak said that DP Vice President, Rep. Kwon No-kap, already cooperated with the prosecution's investigation into the alleged document alteration case, expressing that Rep. Kwon will refuse to comply with the prosecution's summons.

"We will file a complaint against the foreign minister with the prosecution," he said.

The prosecution asked Rep. Kwon Sunday to appear by 10:00 AM Monday to answer questions regarding the circumstances that surround his releasing of an allegedly forged Foreign Ministry document to a local monthly magazine.

Rep. Pak said, "We already made public the original document and identity of the source who gave us the information, accepting the demands of the prosecution.

"So it is a ploy to harmfully influence our party's preparations for the local elections slated for Tuesday that the prosecution insists Rep. Kwon should appear before them."

Rep. Kwon recently revealed a Foreign Ministry document entitled the, "Current State of Local Autonomous Systems," which the ministry allegedly sent to its 34 overseas missions on March 23.

A monthly magazine reported in a recent issue that Rep. Kwon insists the Foreign Ministry instructed foreign missions overseas to conduct surveys of local autonomous systems in advanced foreign countries to gather useful information that would help delay the June 27 local elections.

Kong Sues Kim Tae-chung, Kwon No-kap for Libel

SK2606085395 Seoul YONHAP in English 0655 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — Foreign Minister Kong No-myong and the entire members of the ministry's staff of bureau director-general level and above on Monday filed a libel suit with the Seoul district prosecutor's office against former opposition leader Kim Tae-chung and opposition Democratic Party (DP) Vice President Kwon No-kap in connection with the scandal involving an allegedly forged Foreign Ministry document.

In the lawsuit which accuses Kim, chairman of the Asia-Pacific Peace Foundation, and Rep. Kwon of defaming the ministry and damaging its reputation and honor through their contention that the Foreign Ministry directed overseas missions to collect information useful for postponing the upcoming local elections. [sentence as received]

Ministry officials insisted that Kim and Kwon circulated the fabricated document to the press and the public, thereby defaming the ministry and damaging its honor and the public's confidence in ministry officials, who are responsible for the country's diplomacy.

Earlier in the day, Minister Kong held a press conference where he presented a 10-point statement refuting the opposition party's allegations.

Kong contended that the DP's assertion that the Foreign Ministry had instructed over 30 of its overseas missions to collect data regarding the local elections is contradictory because those nations have already been successfully operating under local autonomy.

Minister Kong said the government had already determined it would conduct the local elections before the controversial document was issued to overseas missions on March 23, as alleged by the opposition party.

He pointed out that the controversial document claimed by the DP to have been received at the embassy in New

Zealand was different from those sent to other missions with regard to the spacing of its words and line changes.

Prosecution Seeking To Arrest Choe Sung-chin

SK2706064295 Seoul YONHAP in English 0437 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — The prosecution investigating the alleged forgery of a classified Foreign Ministry document, has concluded that Choe Sung-chin, administrative attache at the Korean Embassy in New Zealand, forged the document and handed it over to Rep. Kwon No-kap of the opposition Democratic Party.

On the basis of this conclusion, the prosecution is seeking to arrest Choe.

A prosecution official said Tuesday that consultation with the Foreign Ministry is underway on means to bring Choe home from New Zealand, with the Wellington government's understanding, as Korea has yet to conclude an extradition agreement with New Zealand.

To arrest Choe upon his arrival here, the prosecution has decided to seek an arrest warrant for him on forgery charges.

The prosecution will summon Choe's wife, a certain O, 40, who is barred from leaving the country, Wednesday for questioning whether she carried the document in question and her husband's letter to Rep. Kwon. Choe said in his letter to Kwon that he was sending the letter by person, without identifying him or her.

Meanwhile, Ambassador to New Zealand Yi Tong-ik said in a telephone interview with YONHAP Tuesday that if Choe refused to return home, the embassy would seek ways to force him to return.

Choe is "extremely nervous" and the embassy is persuading him to return home, Yi added.

"I told him he has been relieved of his job in New Zealand and that the government wants him to return by Thursday."

As the Foreign Ministry sued Rep. Kwon and Chairman Kim Tae-chung of the Asia-Pacific Peace Foundation for libel, the prosecution will summon Kwon for questioning Thursday, and if he refuses to appear, the prosecution will have to decide on whether to forcibly make him appear or not.

Seoul Plans To Force Choe Sung-chin To Return

SK2706104495 Seoul YONHAP in English 1027 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — The Ministry of Foreign Affairs plans to force Choe Sung-chin, the administrative attache at the embassy in New Zealand who was dismissed from his post for leaking a forged confidential document, to return to Seoul in case he refuses to do so on his own will.

To that end, the ministry is studying sending senior ministry officials to Wellington to persuade Choe to return on his own while working out a way to seek diplomatic cooperation from the New Zealand Government, ministry officials said Tuesday.

The ministry has concluded that it is essential for Choe to promptly return home to reveal the truth about his leaking of a forged document, which has ensued lawsuits here, to thereby restore the lost trustworthiness of the ministry.

Meanwhile, an official at the Seoul District Prosecutor's Office said Tuesday, "The Foreign Ministry is persuading Choe to return home voluntarily by Thursday. As his passport is held by the embassy, he cannot depart for a third country. But in view of the possibility that he may seek political asylum, we are not thinking of issuing advance warrant for his arrest immediately."

It was confirmed that Choe is staying in Wellington suburbs Tuesday, but his exact whereabouts are not known, the official said.

DLP Plans Countersuit Against DP Lawmakers

SK2706063895 Seoul YONHAP in English 0251 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP)—The ruling Democratic Liberal Party [DLP] has decided to file a counter lawsuit against Rep. Yi Hae-chan, head of the opposition Democratic Party [DP] election campaign headquarters, and Rep. Pak Che-won, the DP's spokesman, on charges of slander and false accusation, Yi Sin-pom, deputy spokesman for the ruling party said Tuesday.

The move is in apparent retaliation for the criminal suit brought against the ruling party spokesman, Rep. Pak Pom-chin, in connection with the argument surrounding the personal history of the Democratic Party's Seoul mayoral candidate Cho Sun.

Deputy spokesman Yi, in a statement, said the DLP has decided to bring charges against Reps. Yi and Pak, for spreading false statements to the media, and deputy spokesman Pak Sun-suk for slander.

In a separate move, false accusation charges will be filed against those DP officials who sued DLP spokesman Pak and the deputy spokesman in connection with their comments on candidate Cho Sun's pro-communist activities and his attempt to stay close to power by kowtowing to the powerful men during the Pak Chong-hui era, the deputy spokesman added.

1,445 Said Investigated for Election Violations

SK2406063195 Seoul YONHAP in English
0505 GMT 24 Jun 95

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — A total of 1,445 people, including 12 candidates vying for large-city mayor and provincial governor positions, are under investigation on charges of violating the Election Law in connection with the upcoming June 27 local elections as of noon Friday [23 June], according to a report filed Saturday by the Justice Ministry.

Of the total, 761 have been booked, with 108 of them physically detained, and 684 others are under initial secret investigation, according to the report submitted to an election-related cabinet ministers' meeting, presided over by Prime Minister Yi Hong-ku.

By political party, the Democratic Liberal Party (DLP) topped the list with 181 booked (27 of them arrested), followed by the Democratic Party with 112 (19), the United Liberal Democrats with 19 (2) and others with three. Independents outnumbered with 446 (60).

Among those under investigation are 12 candidates running in large-city mayoral and provincial gubernatorial elections, 124 vying for chief administrator's posts in small cities, wards in larger cities and kun (county), 149 competing in local council elections in Provinces and large cities, and 408 candidates in council elections in small cities, large-city wards and kun, the data showed.

Prosecution Asked To Probe DP Mayor Candidate

SK2706040395 Seoul YONHAP in English
0036 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP)—The Seoul City Election Management Commission requested the Seoul District Prosecutor's Office to investigate Democratic Party mayoral candidate for Seoul Cho Sun for possible violation of the election law, the commission said Tuesday.

The commission charged that Cho's advertisement for the sale of his book appearing on four newspapers in Seoul may possibly have infringed on the election law.

The central election management commission, in the meantime, uncovered 18 cases of suspected election law violations, including Cho's, Tuesday, bringing total violation cases to 915 thus far.

Party Leaders Appeal for Support in Elections

SK2606084695 Seoul YONHAP in English
0619 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — Leaders of the ruling and opposition parties appealed to the people Monday for their support in the upcoming local elections slated for Tuesday.

Chairman of the ruling Democratic Liberal Party [DLP], Rep. Yi Chun-ku, told the people to support DLP candidates in the elections to prevent chaos from overtaking the national administration and to successfully inaugurate the local autonomy.

In a press conference held at the party's headquarters in Yoido, Seoul, Rep. Yi said, "Leaders of the opposition parties have clearly made these elections the start of a struggle for political power."

He added that although the opposition parties have distorted the real meaning of the local elections, the people must elect "faithful regional pillars" who will solidify as well as mend the foundation of the local autonomous system.

Rep. Yi Ki-taek, president of the main opposition Democratic Party (DP) also told the people to support his party in the local elections.

"This is an interim evaluation of the current regime which, with overall poor administration, drove this state into a crisis. I ask the people to elect DP candidates evenly in various districts to establish a foothold for the transfer of political power," he said.

He expressed deep anger and regret over what he called the current regime's corrupt election campaign.

Kim Chong-pil, president of the minor opposition United Liberal Democrats (ULD), said that the government as well as the ruling party are damaging fair elections more than anyone else.

"Since these elections are an interim evaluation of the Kim Yong-sam government, the people should strictly evaluate what this government has done for the past two years and four months," Kim said.

Elections Fully Restore Local Autonomy System

SK2606113595 Seoul YONHAP in English
1116 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — The nation goes to voting Tuesday to elect the heads of local autonomous administrations and local council members.

The elections completely restore the nation's local autonomy system that was suspended with the outbreak of a military coup led by Maj. Gen. Pak Chong-hui 34 years ago in 1961.

Voting will begin at 6 AM Tuesday [27 June] at 17,200 voting stations across the country. Election outcomes are expected known by early Wednesday morning.

Observers predict about 22 million voters out of the total 31,048,566 eligible voters are expected to vote showing a turnout rate of 70 or so percent.

The elections are designed to choose 15 major city mayors and province governors; 230 small city mayors, county commissioners and ward chiefs; 875 members of large city and province councils; and 4,541 small city, county and ward council members.

In addition, 97 major city and province council members will be selected from among the candidates of the three major parties — Democratic Liberal, Democratic and United Democratic Liberals — under a proportional representation system.

Local Elections Reported in Progress 27 Jun

SK2706035995 Seoul YONHAP in English
0104 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — Voting began at 6 AM Tuesday across the country to elect a total of 5,758 local autonomous body heads and council members.

The voting, taking place at 17,230 polling stations across the country, is to end at 6 PM ballot boxes will soon thereafter be taken to 376 ballot-counting stations for immediate tabulation.

Results of the large-city mayoral and gubernatorial elections are expected to begin to take shape early Wednesday morning, at around 2 AM to 3 AM at the earliest.

An official at the Central Election Management Commission predicted that about 22 million out of the total 31,048,566 eligible voters would cast their ballots to register a turnout rate of around 70 percent.

The voting rate for the county and small city council member polls in March 1991 was 55 percent and that of the 14th general elections in March 1992 was 71.9 percent.

A total of 15,418 candidates ran in the elections showing, on the average, chances of 2.7-to-1.

The elections will determine 15 major city mayors and province governors, 230 heads of small cities, counties and wards, 972 major city and province council members, and 4,541 small city, county and ward council members.

The elected officials will assume their duties mostly on July 1 for three-year terms to completely restore the nation's local autonomous system for the first time in 34 years.

Voter Turnout Estimated

SK2706105295 Seoul YONHAP in English
1042 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — The voter turnout in the local elections for local administrative heads and councilmen was tentatively tallied at 65.3 percent as of 6 PM Tuesday when the polls were closed.

According to the Home Ministry's tentative tabulation, 20,278,032 or 65.3 percent of a total of 31,048,566 eligible voters took part in the polling.

The turnout rate falls way short of 71.9 percent registered in the 1992 general elections and 81.9 percent in the 1992 presidential elections, but higher than 55 percent recorded in the 1991 small city, county and ward council elections and 58.9 percent in the major city and provincial council elections of the same year.

Cheju Province recorded the highest turnout rate of 76.3 percent, while Inchon showed the lowest rate of 58.3 percent. Seoul registered 63.9 percent, which was lower than the national average.

Exit Poll Reveals Strong Showing for Opposition

SK2706140495 Seoul YONHAP in English
1353 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — Opposition parties and independents are expected to win 10 of the 15 administrative head positions of large cities and provinces in Tuesday's local elections, an exit poll conducted via telephone revealed Tuesday.

According to the poll, the ruling Democratic Liberal Party (DLP) is expected to take the heads posts in five city and province election races, while the opposition Democratic Party (DP) and the United Liberal Democrats (ULD) are expected to win in the races deciding the heads of four cities and provinces each.

Also, two independents are expected to win elections deciding the heads of Taegu city and Cheju Province.

Munhwa Broadcasting Corp. (MBC) and the Korea Survey Poll Co. (Gallup) jointly conducted the poll of citizens who voted earlier in the day Tuesday, discovering the grim results for the ruling party.

DP candidate Cho Sun appeared to be the front runner in the Seoul mayoral race, over both independent candidate Pak Chan-chong and DLP candidate Chong Won-sik.

The DP is also expected to win the elections deciding the heads of South and North Cholla Provinces and Kwangju city.

In contrast, the DLP is forecast to win in five large elections — Pusan, South and North Kyongsang Provinces, Kyonggi Province and Inchon city.

The ULD, meanwhile, is expected to win in South and North Chungchong Provinces, Taejon city and Kangwon Province.

Independents are expected to take the Taegu mayor and Cheju governor races.

The ULD, created by former DLP chairman Kim Chong-pil just last March, is expected to solidify its political footing through this local elections.

Opposition Candidate Leads Seoul Mayor Election

SK2706124495 Seoul YONHAP in English
1236 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — Opposition Democratic Party candidate Cho Sun has emerged as the front runner in the Seoul mayoral election as of 9:30 PM Tuesday in the first announcement of ballot counting with the 387 votes.

Meanwhile, Pak Chan-chong, an independent candidate, has thus far garnered 337, while Chong Won-sik from the ruling Democratic Liberal Party has obtained 294.

President To 'Maintain' Administrative Policy

SK2706144495 Seoul YONHAP in English
1437 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — A presidential secretary said Tuesday night that the basic administrative policy of President Kim Yong-sam will not change no matter what results from Tuesday's local elections.

He said, "As emphasized several times before, the position and interests of President Kim are how to successfully establish the local autonomous system...and how best to lay the foundation for an 'election revolution.'"

Local elections were held Tuesday for the first time in 35 years, and an exit poll conducted over the telephone predicted setbacks for President Kim Yong-sam's government and the ruling party.

So President Kim will accept the results of the local elections serenely, the secretary said, and the president will maintain the current national administrative policy in the future.

"Under the presidential government system, the results of the local elections will not affect the president's basic policies or the national administrative system," he added.

Kim Chong-pil Predicts Changes After Elections

SK2706093995 Seoul YONHAP in English
0918 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 27 (YONHAP) — Kim Chong- pil, president of the United Liberal Democrats [ULD], predicted changes will come in political circles following the local elections, be they small or big.

"Momentum will come from the Democratic Liberal Party [DLP]," he said, meeting reporters at his home in Chunggu-tong, Seoul, Tuesday.

"The DLP will be hard put to rule out changes, in light of the general elections next year," he added.

"We won't stop anyone from leaving, and we welcome anyone who wants to come to us," Kim said, implying that the ULD will leave its doors open for anyone who wants to join them.

By the statement, he meant to show that the ULD would join hands with anyone with the same political outlook, provided that he or she is not a far-out liberal, a communist, or a communist sympathizer.

Seoul Decides To Increase Number of Prosecutors

SK2406031895 Seoul YONHAP in English
0234 GMT 24 Jun 95

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — The government has decided to increase the number of prosecutors from the current 1,060 to 1,360 by the year 2000, the Justice Ministry said Saturday [24 June].

The number of prosecutors will increase by 50 annually during 1996-1998, 70 in 1999 and then 80 in 2000 for it to finally reach 1,360, the ministry said.

The ministry is drafting a time-limited prosecutor employment law which will be in force for five years as legal grounds for the additional employment of prosecutors. The draft law will be submitted to the National Assembly for its approval as early as next month, officials said.

The ministry's plan has been mapped out in order to expand the number of prosecutors, which presently is considered insufficient, in light of the number of judicial apprentices to be recruited through state law examinations is to soar by 500 to 1,000 every year between 1995-2000, officials said.

Kim Yong-sam Unveils Korean War Monument 24 Jun

SK2406031095 Seoul YONHAP in English 0252 GMT 24 Jun 95

[FBIS Transcribed Text] Chilgok, North Kyongsang Province, June 24 (YONHAP) — President Kim Yong-sam on Saturday [24 June] reiterated the need to maintain national security in order to achieve prosperity and unification.

The chief executive said, "Only if and when our national security is ensured can we engage in dialogues with North Korea with confidence, and achieve prosperity and unification with vigor."

At a ceremony unveiling a monument dedicated to soldiers who fell in the battle of Tabu-tong, Chilgok County, North Kyongsang Province, President Kim remarked, "The nation's security cannot be ensured by military power alone. Our national security will become ensured and no country would conceive of violating it if the nation enforces democratic and honest politics, abides by its laws, upholds justice and achieves prosperity and welfare."

Noting the inter-Korean accord concerning the South's provision of rice aid to the North and the successful conclusion of the light- water nuclear reactor negotiations, Kim stated that they were made possible because of the country's strength and solid security posture.

"The monument to loyal dead we unveil today will remain as a symbol of defending the fatherland for good, reminding us of the preciousness of freedom and peace," Kim said, adding, "all of us should be united solidly and with passionate patriotism."

The calligraphy of the "monument to loyal dead of nation-saving soldiers" was done by President Kim himself.

The ceremony was attended by ex-Gen. Paek Son-yop, advisor to the battle of Tabu-tong comrades' society, and some 500 citizens including members of the veterans' society and bereaved families of those who died in the battle.

Senior Presidential Secretary on Economic Growth

SK2406005395 Seoul THE KOREA HERALD in English 24 Jun 95 p 9

[FBIS Transcribed Text] The Korean economy grew by an estimated 10 percent during the first half of this year compared with the first six months of 1994, a senior presidential secretary said yesterday.

The economy, spurred by surges in corporate capital spending and exports, is expected to advance 8.5 percent in the second half over a year earlier and 9.2 percent, for the entire year, Han I-hun, senior presidential secretary for economic affairs, said at a meeting of senior presidential secretaries. President Kim Yong-sam presided over the meeting.

Korea racked up a current-account deficit of $5.4 billion during the first half and is likely to record a shortfall of $3.4 billion during the second half, raising the current account deficit for the year to $8.8 billion, he said.

Brunei, Malaysia & Singapore

Malaysia

Steps To Liberalize Capital Markets Outlined

BK2706064995 Kuala Lumpur NEW STRAITS TIMES in English 23 Jun 95 pp 1, 14

[Report by Noorzita Samad and Baidura Ahmad]

[FBIS Transcribed Text] Kuala Lumpur, Thurs. [22 June] — Deputy Prime Minister Datuk Sri Anwar Ibrahim today announced a series of measures to liberalise the capital markets and make Malaysia a premier financial centre.

The measures include a greater Employees' Provident Fund (EPF) role in developing the capital market, lower brokerage fees, a new unit trust that is open to all and allowing companies without track records to be listed.

Under new rules, the EPF will be allowed to invest up to 15 percent of its more than RM [Malaysian ringgit] 80 billion funds in the stock market.

The EPF now invests about nine per cent of its funds in the stock market.

EPF contributors with savings of more than RM50,000 will be allowed to use part of their savings to invest in approved funds.

They can withdraw up to 20 per cent of balances exceeding RM50,000.

To further mobilise domestic savings, the Government will launch the Vision 2020 Fund, a major unit trust fund that will be open to all Malaysians.

The fund will offer investors, particularly the younger generation and those in the lower-income bracket an additional avenue to participate in the stock market.

Anwar, who is also Finance Minister, announced this at a dialogue with representatives of the Kuala Lumpur Stock Exchange (KLSE) and the Securities Commission (SC), stockbrokers, bankers and fund managers here today.

The dialogue on "Malaysia as the regional capita market centre" was organised by the KLSE, the Association of Banks in Malaysia and the Association of Merchant Banks in Malaysia.

To boost the competitiveness of the local stockbroking industry, the Deputy Prime Minister announced the lift on the ceiling which allows only 10 securities companies to be listed on the KLSE. There are now 6 stockbroking firms nation wide.

He said any stockbroking house which fulfilled the listing requirements would be given the approval. In addition, qualified stockbroking companies would also be allowed to operate unit trusts.

To make investment cheaper, he announced a graduated commission system that would reduce transaction costs effective July 1.

The new rates will be a one percent commission per transaction for the first RM500,000 worth of transaction, 0.75 percent for trading from RM500,001 to RM2 million, and 0.5 percent for trading exceeding RM2 million.

Now, anyone who buys or sells shares has to pay a commission of one percent of the value traded.

The Government will allow the setting up of wholly-owned foreign fund management companies that are prepared to conduct their non- Malaysian activities locally.

The move is part of an effort to turn Malaysia into a regional fund management centre.

A minimal 10 percent tax will be charged on income derived from such activities.

But the fund management companies that are allowed to source funds locally will be required to reduce their foreign equity to 70 percent.

Anwar also announced a relaxation of monetary restrictions, namely encouraging commercial banks and finance companies to disburse more loans using share scrip as collateral.

Banks and finance companies can with immediate effect give out loans secured by shares of up to 15 percent of their total loans compared to the current 10 percent.

Anwar also announced that companies, such as those undertaking major infrastructure projects, could seek a listing on the local bourse although they did not qualify under the normal listing requirements, such as having a track record.

However, these companies must display strong cashflow projections and project viability.

At the same time, investment companies will be allowed to be listed provided they meet the necessary conditions.

To speed up the listing process, Anwar said the SC would now have to comply to a specific time-frame in processing applications for corporate exercises such as a maximum of four months to process new listing applications and corporate restructuring proposals.

The Central Depository System, to handle scripless trading, must be fully implemented by the end of 1996.

No further extension will be given.

Singapore

PRC Vice Premier Rejects 'Hegemony'

BK2706044495 Singapore Radio Corporation of Singapore in English 1300 GMT 26 Jun 95

[FBIS Transcribed Text] China says even though it is enjoying rapid economic growth, one of the major difficulties that the country faces is the 1.2 billion population. However, even though the large number of people put a restraint on its economic growth, it also means a huge potential market. Chinese Vice Premier Zou Jiahua said this when he addressed a business seminar organized by the Economic Development Board.

On relations with Singapore, Mr. Zou added that he was glad progress had been made in many fields. He also said that Prime Minister Goh Chok Tong's recent visit to China played an extremely important part in encouraging Singapore businessmen to invest in China. He noted that Singapore is currently the fifth largest foreign investor in China and bilateral trade amounted to over $5 billion last year.

[Hong Kong AFP in English at 1012 GMT on 26 June in a Singapore-datelined report adds: "Chinese Vice Premier Zou Jiahua vowed here Monday that his country would not seek 'hegemony' over its neighbors and said a richer China would be a force for world peace. Zou told Singapore businessmen that about 80 million of China's 1.2 billion people still lived below the poverty line despite average annual gross national product growth of 9.7 percent from 1980-94. 'Given the large population and a poor industrial and economic base, we still have to work hard for several decades to lift ourselves out of poverty and backwardness completely,' said the former State Planning Commission chief. 'Our major purpose in developing the economy is to constantly improve people's livelihood,' Zou said. 'Even after China becomes economically developed in future, it will not seek hegemony.' Zou said an economically strong China would play a 'positive role' in the world, and said Beijing was determined to continue its 'opening-up policy.' 'China's development is in itself a major contribution to that of mankind,' he said."]

Vanuatu Prime Minister Meets With Counterpart

BK2706055495 Singapore Radio Corporation of Singapore in English 1300 GMT 26 Jun 95

[FBIS Transcribed Text] Vanuatu Prime Minister Maxime Carlot Korman called on President Ong Teng Cheong this morning at the Istana [Presidential Palace] State Room. He also called on Prime Minister Goh Chok Tong later in the morning. The Foreign Ministry said both sides [word indistinct] to their commitment to strengthen bilateral ties. Mr. Korman also raised with Prime Minister Goh the possibility of cooperation in tourism and infrastructure development in Vanuatu.

Vanuatu is a group of islands in the Pacific Ocean east of Australia. The visiting prime minister, who arrived on Saturday, will leave Singapore tomorrow.

Indonesia

Alatas: 'No Boundary Dispute' With PRC

BK2606165595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 26 Jun 95

[FBIS Translated Text] There is no boundary dispute between Indonesia and China in the South China Sea because the two countries do not have a demarcation line in the area. There has been a sea demarcation line between Indonesia and Malaysia in the eastern part of the South China Sea, and currently the marking of a continental shelf boundary with Vietnam is under way.

Foreign Minister Ali Alatas said this to journalists following his discussions on the matter with President Suharto at the Bina Graha Presidential Office in Jakarta today.

Ali Alatas said the problem that arisen lately was the appearance of broken boundary lines situated in the southern corner of the South China Sea on a map issued by China.

[Begin Alatas recording] We have asked the Chinese Government to clarify the broken boundary lines on its map. I think the PRC has to clarify the map first. This is because PRC has never made any claim to the Natunas, and there is no dispute between Indonesia and China. Therefore, there no need to raise this issue. [end recording]

Ali Alatas has also informed President Suharto about his planned visit to Cambodia beginning 27 to 29 June at the invitation of his Cambodian counterpart after that country implemented the Paris Agreement accord.

Besides, Ali Alatas also reported to the head of state on the outcome of his meetings with the Portuguese foreign minister and the UN secretary general when he attended the 6th Tripartite Talks on the East Timor issue in Geneva on 8 June 1995.

SRV Boat People Found Stranded in East Java

BK2706084995 Jakarta ANTARA in Indonesian 0538 GMT 26 Jun 95

[FBIS Translated Text] Surabaya, 26 Jun (ANTARA) — Four Vietnamese nationals have been found stranded near Jangkar Beach, Situbondo District, East Java and they are being supervised by local authorities so they will do nothing harmful to the local community.

Speaking to reporters on Monday, Sukoco Mulyo, head of the Public Relations Division of the Situbondo regional government, said he had instructed local authorities to provide accommodation and monitor the Vietnamese refugees' activities which may harm public interests.

"The Situbondo regional government will isolate them, but for humanitarian reasons, we will provide accommodation for them by allowing them to stay with the villagers," he said.

The four Vietnamese nationals are identified as Tong Ngoc Duch, 26; Vo Van Thee, 35; Phung Van Bee, 42; and Nguyen Van Tanh, 36. They claimed to have left Vietnam in 1990.

Before they reached Situbondo, the Vietnamese refugees claimed to have lived for some time at the refugee center in Galang Island, Riau Province. Using a motorboat, they planned to travel to Australia to settle there.

It is still unclear whether they legally left Galang Island — the site the Indonesian Government has used for temporary resettlement of Indochinese refugees. It is also unclear when they arrived in Situbondo.

Kazakh President Ends Visit 26 Jun

BK2706084295 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 26 Jun 95

[FBIS Translated Text] Nursultan Nazarbayev, president of the Republic of Kazakhstan, and his wife left Bali for home this morning. During his three-day visit to Bali, President Nazarbayev had the opportunity to visit several tourism resorts. Denpasar-based correspondent, Putri Laksmi, reports on the president's activities.

[Begin Putri recording] Among the tourism resorts visited by President Nazarbayev and delegation were Sanur Beach, Batu Bulan in Ubud, Tampar Piring and Cintamani. President Nazarbayev was very impressed by the Balinese traditional houses situated all along the way to Cintamani. He was also impressed by Bali's traditional arts.

Ida Bagus, governor of Bali, spoke to Radio Republik Indonesia at Ngurah Rai International Airport in Tuban after bidding farewell to President Nazarbayev. The governor said President Nazarbayev was truly impressed with Bali's traditional arts and he expressed his hope that a Balinese traditional arts mission could visit his country. According to President Nazarbayev, it was hoped that the Kazakhstani community would be encouraged to find out more about their own traditions with the visit by Bali's traditional arts mission. Regarding the Kazakhstani president's wish, Governor Oke said that he would be glad to send a Balinese traditional arts mission upon request. Apart from witnessing Bali's traditional arts, President Nazarbayev also enjoyed viewing the natural beauty of the environment, Bali's traditional lifestyle, and the development of the people-oriented handicrafts industry. Industry Minister Tunky Aribowo; Major General R. Adang Ruchiatna, regional commander of the 9th Udayana Regional Command; Provincial Police Chief Major General Hartoyo; and their wives were present at the airport to bid farewell to President Nazarbayev and delegation. President Nazarbayev's departure this morning also concluded his visit to Indonesia. This is RRI correspondent Putri Laksmi reporting from Denpasar. [end recording]

Army Chief: No Need To Change Election System

BK2706090195 Jakarta REPUBLIKA in Indonesian 25 Jun 95 p 1

[FBIS Translated Excerpt] Bandung, Saturday — Speaking after opening the Army Staff and Commando School's [Seskoad] 33d regular education course in Bandung on Saturday (24 June), Army Chief General R. Hartono stressed that there was no need to change the existing and balanced general election system except that greater observation and proper supervision should be carried out accordingly.

The Army chief has given the Seskoad the responsibility of reviewing the general election and the ABRI's [Indonesian Armed Forces] sociopolitical systems. The Indonesian Intellectuals Board, LIPI, was also given a similar task to undertake. Prior to the launch of the course, the Army chief was given a report regarding the outcome of a preliminary study conducted by a team from the Seskoad working together with 22 experts from various universities in Bandung. The Seskoad team and the 22 experts earlier held a two-hour discussion on the issue.

Giving his explanation, the Army chief said: "In accordance with the outcome of their deliberations, all unanimously agreed that it was unnecessary to change the existing general election system. Only greater attention was needed to oversee the running of the general election."

According to the Indonesian Army chief, the process of conducting this study will definitely be time-consuming and that the study currently being undertaken by the Seskoad team was actually only half finished.

In its temporary report, the Seskoad included statements made by experts and the experiences of other nations which practice diverse election systems. However, no suggestions were included in the report.

He said: "More work will be involved once suggestions are submitted to the LIPI."

According to Hartono, attention should not only be focussed on knowledge or other nations' experiences during the study. There is also a need to consider experiences from the previous general elections and proposals by prominent public personalities.

Weaknesses

The commandant of the Seskoad, Major General Arifin Tarigan, explained that one of the weaknesses that need to be considered in the existing balanced system was the absence of the connection of emotional strength between legislative assembly members and candidates.

Besides, the district system also faces numerous difficulties, which among other things, are vote-buying and the "rampant murder" of politicians and their disintegration. This is definitely outside the framework of a nation in harmony.

According to him, one of the theories that could be applied to bridge the gap between the selected representatives and the public was the one person two vote system as practiced by Germany. This means that a person will be given the opportunity to cast one of his two votes for any candidate while with another, he can vote for a candidate from his party or organization.

He added: "This is only an example and not a proposal by the Seskoad. This concept is merely a theory and has yet to be put into practice. Further study needs to be done if this theory was to be put into practice."

Speaking on the weaknesses of the existing general election system, the Seskoad commandant explained that the country's general elections are carried out in 12 stages. All the stages have their own weaknesses as observed by the public and party candidates organizations. Among the weaknesses are the issue of voter registration and the candidates' nonparticipation in the registration exercise.

Continuing, he said it was possible that the study on the general elections could be completed before December 1995. He also said: "Actually, there is a reminder calling for the candidates to participate in the voter registration exercise." [passage omitted on commandant's statement noting the existing general election system is impartial and good]

Obstacles to Investment, Remedies Examined

95SE0138C Jakarta BISNIS INDONESIA in Indonesian 2 May 95 p 1

[FBIS Translated Text] Jakarta (BISNIS)—A discussion concluded that the cost of business in Indonesia is too high, pushing up the prices of exports, while the bureaucracy is still a serious obstacle to capital investment in Indonesia.

Anwar Nasution, professor at the Economic Faculty of the University of Indonesia, feels that the problem still obstructing efforts to increase investment in Indonesia is foreign taxes, in the form of cost of business and cost obstacles to exports. Domestic taxes, such as the value-added tax (PPN) and income tax (PPh), are no longer a problem.

"It is true that BAPEKSTA (Export Facilities and Data Processing Services Board) refunds import duties and luxury item sales taxes, but costs borne by producers are still higher than in other countries. The administrative process here often hinders the export process," Anwar said yesterday in a panel discussion on the subject "Investment and Tax Problems."

The discussion, which was sponsored by the Industrial Complex Association (HKI), also featured businessman Sudwikatmono; S.D. Darmono, managing director of PT [Limited Company] Jababeka Industrial Complex; Made Gede R.A.K., director of planning and development in the Directorate General of Taxes; and Asril Noer, secretary to the minister of investment/chairman of the BKPM [Capital Investment Coordination Board].

Sudwikatmono explained that the prices of goods are high because the first five years of an investment are categorized as risky, since businessmen must try to repay bank credit and interest. When an investment is progressing, however, prices should be lower.

"If we have to sell at low prices, the government should give protection, in the form of subsidies as well as tax relief. This problem also occurs in investments in the cement and petrochemical industries."

Some participants in the discussion complained about the large expense they incur in fulfilling their tax and license obligations. "The handling of taxes is often unfair. For example, maintenance and tax costs are imposed on industrial complexes. Outside these complexes, however, costs are not imposed," a participant said.

This complaint was confirmed by S.D. Darmono, managing director of PT Jababeka Industrial Complex. In his opinion, this obstacle can be overcome through funding support and access to the government.

However, said Darmono, investors in the Cikarang industrial complex do not experience this obstacle at all, because they have been able to develop over a period of three years. "For licenses, we dare to offer 'one-stop service' to investors. Using normal procedures, licenses are handled by many departments, but because of our strong lobbying a breakthrough has been possible."

Citing an example, he said that under KEPRES [Presidential Instruction] No. 53, new projects can be built if 70 percent of land has been freed up and 70 percent of IMB's [building permits] have been obtained. Because of the breakthrough, they can at least get a preliminary license, but they must have access to the government to do that.

"It is true that we can get a letter of decision, but because it has been bought and sold and the land divided up, it is hard to do construction. In fact, a letter of decision can cost 5 billion rupiah."

Existence of Competition

Asril Noer said the biggest challenges to investment are foreign competition, low levels of PMA/PMDN [foreign capital investment/domestic capital investment], and concentration of investment in Java, which makes up two-thirds of national investment.

"To overcome this obstacle, the government needs to give tax incentives to investors. In the developed countries, these incentives are given when a project is begun, not at the end, as in Indonesia."

Asril admitted that tax relief is not the only way to attract investment, because it is not the main factor. In a discussion of land and building taxes, it was pointed out that the main factors in attracting investors are political stability, facilities, and transportation, whereas tax incentives are next in order.

Darmono recommended that to create even distribution of investment incentives be given to investors in the provinces and that protection be provided against land speculation.

Tax Officials Prepare To Audit Private Firms

95SE0140F Jakarta BISNIS INDONESIA in Indonesian 8 May 95 p 1

[FBIS Translated Text] Jakarta, BISNIS INDONESIA—A joint team from the BPKP [Finance and Development Supervision Board] and the Directorate General of Taxation is ready to audit 2,000 to 2,500 private firms in 1995 in connection with indications that there were violations in their tax reports for the fiscal year 1992-1993.

Fuad Bawazier, director general of taxation, has said that to improve the enforcement of the tax legislation and to test compliance with tax obligations, the joint team will again audit between 2,000 and 2,500 tax reports in 1995 for medium and large sized firms. There are indications that these firms have violated the tax laws.

Fuad Bawazier told BISNIS INDONESIA in Jakarta at the end of last week: "The joint team already has begun to collect data on the private companies which will be audited because they are suspected of violating their tax obligations."

Fuad declared that the number of tax returns audited by the joint team each year changes, depending on the intensity and quality of the audit. According to Fuad, at times the total number of audits affects only about 1,500 tax returns, if extended audits are carried out. However, the number of permanent tax inspectors on the joint team is about 600 from the BPKP, and 800 from the Directorate General of Taxation.

He said: "The possibility is not excluded that tax returns audited in 1994 or in previous years may be audited again in 1995."

A total of 55 tax returns have been audited so far in 1995, not including the tax returns audited directly by the Office of Tax Inspection (KARIPA) throughout Indonesia. These audits include preliminary investigations by the Special Tax Services Office (KPP) and special and complete audits by the Public Accounting Office and by the Central Office of the Directorate General of Taxation.

Fuad said: "The number of tax returns audited every year may be as many as 15,000. This number is relatively small, compared o73 with the total quantity of tax returns."

However, the director general of taxation admitted that the impact of tax audits is not limited to these tax returns. Other tax returns which, it is felt, contain errors, whether deliberate or not, immediately serve to improve his annual report.

According to Fuad, tax audits on individual returns are performed, based on direct or random indications of violations of the regulations. Tax returns which contain indications that taxes have been avoided or that the tax regulations have been misused are audited directly. Fuad said that previously the Directorate General of Taxation also received reports from a number of sources connected with the government or with private companies.

He said: "We analyze a number of reports received before taking further action. We also receive information from Post Office Box 5000 in the Office of the Vice President. Reports from Post office Box 5000 usually are directly audited by the Central Office of the Directorate General of Taxation."

For the past few years the Directorate General of Taxation has coordinated its activities with the BPKP, so that the routine audits which it carries out on state or province owned companies, company contracts for services, or Contractor Production Sharing Agreements [KPS], consider the tax aspect as well.

He said that, based on reports of the joint team for prior years, the largest-scale violations on company tax returns involve matters on which taxes should have been collected but were not. The most frequent violations involve reducing the value of the object concerned or increasing its cost.

Other kinds of violations which are often encountered include entering an expenditure as a cost. In this connection, the tax regulations provide that such an expenditure cannot be considered a cost. Following the discovery of such an error, the tax is recalculated, using the normal regulations.

Fuad said: "Tax returns have a tendency to avoid the payment of taxes, understate them, or ignore the obligation to pay taxes."

Fuad was not prepared to state how many rupiahs in tax receipts have been saved. However, he guaranteed that the money saved is far more than the money spent on tax audits.

Army Official Discusses GPK Strength at Border

BK2706082995 Jakarta ANTARA in Indonesian 0812 GMT 25 Jun 95

[FBIS Translated Text] Manokwari, 25 June (ANTARA) — Major General Ketut Widharna, commander of the 8th Trikora Regional Command, said there were still some remnants of the GPK [Security Disturbance Group] in Irian Jaya, particularly along the Indonesia-Papua New Guinea border. However, the GPK's physical strength poses no problem for the 8th Regional Command's security apparatus.

Speaking to reporters on Sunday in Manokwari, the regional commander said the overall situation in Irian Jaya and Maluku, which are under the 8th Regional Command's jurisdiction, is currently peaceful and under control, even with the existence of the remnants of the GPK elements.

The commander said: "Although the GPK elements are currently found along the Indonesia-Papua New Guinea border, most of them actually hoped to return to their respective villages after acknowledging the developments being undertaken by the government."

According to him, [passage indistinct] after they were coaxed by the GPK members. For example, the government treated them well after they were repatriated to Merauke and Jayapura some time ago.

Meanwhile, making a separate statement when contacted [by ANTARA], Colonel Frans de Wanna, the infantry commander of the 171/Praja Vira Tama, said the ideal method to deal with the problem of the GPK was, among other things, to disassociate the people so they cannot be influenced by the GPK.

He said: "All this while, GPK members have been forcing the community to provide them with food supplies."

The commander said the GPK members will definitely be forced to surrender once their compulsive influence on the community to provide them with logistical support was severed. THIS REPORT MAY CONTAIN COPYRIGHTED MATERIAL. (endall) 250812 MS/ASheron/ps AS532606.021 27/0830

Philippines

PRC Warns, Offers Cooperation Pact in Spratlys

Warns Against 'Provocative Acts'

BK2606083995 Manila MANILA STANDARD in English 23 Jun 95 p 4

[Report by Merlinda Manalo]

[FBIS Transcribed Text] Beijing has warned Manila anew against resorting to provocative acts in the Spratlys, following the blasting of several Chinese markers in Philippine claimed areas of the islands, a senior foreign official said.

The source, who spoke on condition of anonymity, said China had stressed that although it has exercised restraint in resolving disputes in the Spratlys, restraint from the Chinese side cannot be permanent.

Earlier, China had described as provocative actions a recent media tour of the Spratlys which was sponsored by the Philippine Government, following a dispute by the two countries over the Chinese occupation of the Philippine-claimed Mischief Reef in the contested areas.

The source said China had warned the Philippines against conducting another media tour and noted that in the future, the Chinese military may take action.

Chinese officials had also noted that its government had been merely "restraining" its military against the Philippines perceived provocative acts in the Spratlys. In fact, the way they see it, it is the small country, which is the Philippines, that is bullying the big country, which is China, the source said.

During the past 10 days, it has been reported that the Philippine military had been destroying Chinese markers on two reefs in the Spratlys claimed by the Philippines.

"Chinese officials have told us that if the Philippines continues to take provocative actions, they cannot predict what China will do," the source said.

China had also advised the Philippines against involving the Association of Southeast Asian Nations (Asean) and the United States in the Spratlys issue, noting that it will "never yield to outside pressures," to peacefully resolve the dispute.

The potentially oil-rich Spratlys is being claimed in whole or in part by China, Vietnam, the Philippines, Malaysia, Brunei and Taiwan.

Proposes Fishing Cooperation

BK2706051795 Manila MANILA STANDARD in English 22 Jun 95 p 4

[Report by Merlinda Manalo]

[FBIS Transcribed Text] China has proposed a fishing cooperation agreement with the Philippines to prevent the arrests of Chinese fishermen near Philippine territorial waters and avoid disputes between the two countries a report by a special envoy sent by President Ramos to Beijing showed.

In his report, former Ambassador to China Alfonso Yuchengco said China's assistant minister for foreign affairs Wang Yingfan had urged that fishing authorities from Manila and Beijing meet to iron out the details of a possible fishing cooperation agreement between the two countries.

"Minister Wang talked about cooperation. He wants to avoid fishing disputes and wants to know the fate of the Chinese fishermen arrested (in Palawan)," Yuchengco said in his report.

Wang, who met Yuchengco in Beijing last 19 May, said the facilities set up by Chinese authorities in the Philippine-claimed Mischief Reef in the disputed Spratlys were for the benefit of fishermen around the area and can also be used by Filipino fishermen.

"Wang also said that it is not practical for the Philippines to demand that these facilities be dismantled. If the Philippines continues to take provocative actions he cannot predict what China will do," Yuchengco said.

The Philippines had protested the presence of Chinese troops and facilities in the reef and had retaliated by blasting Chinese markers in other areas in the Spratlys claimed by the Philippines.

Yuchengco was sent by the president last month to Beijing in a bid to amicably settle the dispute.

At least 52 Chinese fishermen caught near Palawan earlier this year were charged in court for illegal fishing and illegal possession of explosives the latter offense carrying a maximum 20 year prison term.

Sixty-two Chinese nationals were arrested but 10 who were minors, were ordered release by the president for humanitarian reasons.

The remaining 52 fishermen pleaded not guilty. Philippine authorities had refused to release them despite appeals by Chinese authorities.

Besides this case, there were also several instances when Chinese fishermen were caught poaching by Philippine naval authorities in the country's territorial waters near Palawan and Bataan.

China claims the entire South China Sea, including the potentially oil-rich Spratly Islands. The islands are also being claimed by the Philippines, Vietnam, Taiwan, Brunei and Malaysia.

China had maintained that the Philippines, and the other countries, has no legitimate claim to the Spratlys.

Investments Increase in Export Processing Zones

BK2706064495 Manila PHILIPPINE DAILY INQUIRER in English 22 Jun 95 p B1

[FBIS Transcribed Text] Investments in the country's regular and special export processing zones have breached the P [pesos] 15-billion mark this week while exports by zone enterprises are projected to hit $1.7 billion by the end of this semester.

In yesterday's 26th anniversary celebration of the Export Processing Zone (Epza), Trade Secretary and Epza Chair Rizalino S. Navarro said that the P15.1 billion in zone investments during the first half of 1995 surpassed by 157 percent the P9.6-billion record last year. The amount also accounted for over 60 percent of Epza's overall investment target for the year of P25 billion.

The amount was brought by 77 projects consisting of expanding zone enterprises and new companies locating in the zones.

Navarro said the projected $1.7 billion worth of exports by zone enterprises during the first semester also exceeded by over 60 percent their export receipts last year.

This export and investment performance may prompt Epza to increase its targets for the entire year.

The first semester figures brought to P47.4 billion the total investments infused in zone enterprises, including special zones in private industrial estates, since the government started the export zone scheme in 1969. There are 597 enterprises operating in the zones. For the month of June, P4.6 billion worth of investments were approved by Epza. Registered investments from January to May amounted to P10.72 billion.

The biggest projects registered during the month included the P2.3-billion automotive parts manufacturing venture of Toyota Auto Parts Philippines Inc. at Toyota's special export processing zone; the P1.56-billion electronic project of Cypress Philippines Inc. at the Gateway Business Park; and, the P224-million precision machine manufacturing operations of Anam-Amkor Precision Machine Co. Philippines Inc. at the Laguna Technopark Inc. special zone.

Government Approves Economic Growth Projects

BK1906123995 Manila MANILA BULLETIN in English 14 Jun 95 p 17

[Report by Isabel De Leon]

[FBIS Transcribed Text] President Ramos and the National Economic and Development Authority (NEDA) approved yesterday the implementation of some P [pesos] 2.47 billion worth of socio-economic projects aimed at accelerating the country's economic growth.

The NEDA Board gave the go-signal for the implementation of the projects at the end of yesterday's Cabinet meeting in Malacanang.

Socio-Economic Planning Secretary Cielito Habito identified the projects are: the P707-million Laguindingan Airport project; P1.02- billion Bridge Reconstruction Project; and a P745-million health project for strengthening the Management and Field Implementation of the Family Planning/Reproductive Health Program.

Habito said the Investment Coordinating Council (ICC) has recommended the construction of the Laguindingan Airport in Misamis Oriental where the existing airports in Balo-i and Lumbia would be relocated to accommodate wide-bodied aircraft.

He added that the project will be undertaken jointly by the Department of Trade and Industry, Department of Transportation and Communications, and the Cagayan-Iligan Corridor Special Development Project Office which will negotiate with the Korean Economic Development Cooperation Fund for possible funding.

The P1.02 billion Bridge Reconstruction Project is actually the Phase V of the continuing five-year Comprehensive Bridge Reconstruction Program under the Medium-Term Philippine Development Plan.

The P745-million family planning project involves a four-year program designed to increase the number of couples and individuals practicing responsible parenthood for the improvement of women's and children's health.

The NEDA Board also upheld the ICC's approval of supplemental agreements regarding the Light Rail Transit (LRT) 3 project in EDSA [Epifanio de los Santos Avenue]. Under the supplementary agreements, the EDSA LRT Consortium will not be obliged to pay the government for areas that are not developed for commercial use.

Public Sector Posts Surplus in 1st Quarter

BK2706064795 Manila PHILIPPINE DAILY INQUIRER in English 22 Jun 95 p B1

[Report by Margie Quimpo-Espino]

[FBIS Transcribed Text] The financial position of the consolidated public sector for the first quarter of the year showed a P [pesos] 600-million surplus instead of the P11-billion deficit that the government had projected.

The consolidated public sector position refers to the net income position of various government entities that include the national government itself, the Bangko Sentral [Central Bank], government financial institutions, and about a dozen government-owned-and- controlled corporations.

The unexpected surplus stemmed from the better-than-projected performance of government agencies such as the national government, which incurred a surplus of P3.19 billion instead of the expected deficit of P2.84 billion.

The importance of this sector's financial position is that it serves as a gauge of how well the government is performing in relation to the programmed budget.

The government has been in a perennial budget deficit for the last two decades and last year was the first time since the 1970s that it incurred a surplus.

The lower borrowings of the government as reflected in the public sector borrowing requirement (PSBR) for the period was also a factor for the first quarter surplus.

The data showed that PSBR for January to March this year totalled only P10.16 billion as against the programmed P15.34 billion.

The PSBR for the first quarter was only 2.2 percent of gross national product (GNP) instead of the expected 3.4 percent.

The estimate is that the consolidated public sector financial position will be 3.6 percent of GNP for 1995.

Total PSBR for 1995 is projected at P20.6 billion.

For the first quarter, however, the Social Security System (SSS) and the Government Service Insurance System (GSIS) had a P12 million combined deficit. This was traced to their move to unload some of their Treasury bill holdings and the losses from the weak performance of the stock market triggered by the collapse of Barings Plc., the oldest merchant bank in Great Britain.

Third Parties Allowed in Gas Pipeline Project

BK2706055995 Manila BUSINESS WORLD in English 23 Jun 95 p 6

[Report by Manolo A. Serapio, Jr.]

[FBIS Transcribed Text] The government will require the operators of the Camago-Malampaya field in northwest Palawan, Shell Philippines Exploration and Occidental Petroleum (Spex/Oxy), to allow access to third parties for the 500-kilometer gas pipeline, Energy Undersecretary Rufino Bomasang said yesterday.

While the Spex/Oxy consortium still has the option to build the offshore pipeline, Mr. Bomasang said that the Department of Energy (DoE) can ask them to open the facility for other interested firms as this is for the good of the country.

"This is to allow other exploration firms to bring their gas finds in the area to its respective market," he added.

Under Service Contract 38, Spex/Oxy has the exclusive right to develop the natural gas from the Malampaya field including the construction of the $500 million offshore pipeline. But this does not automatically mean that the consortium has the exclusive right to use the underwater pipeline, Mr. Bomasang said. h3}Additional Earnings

If other users will tap into the pipeline, this can translate to additional earnings not only for Spex/Oxy but for the government as well which stands to get 60% of the net proceeds from the Camago- Malampaya production. Earlier, Spex/Oxy officials said they have not abandoned their option to build the pipeline. However, sources said the Spex/Oxy group may not be very amenable to this idea as this will mean additional costs. Already Spex/Oxy are planning to sink in about $2 billion to $2.5 billion for drilling more wells, building deep sea platforms, and constructing the offshore pipeline.

If there will be a third party usage, then further investments will be sunk in. At present, aside from the Camago-Malampaya gas fields, there are no gas discoveries of commercial quantities yet.

While Mr. Bomasang said that DoE is obliging the consortium as stipulated in its service contract to construct the undersea facility, Spex/Oxy can contract this out with any interested firm.

Interested Firms

There have been a number of interested firms in building the offshore pipeline such as the state-owned Phil. National Oil Co. (PNOC) and several Japanese firms. However, Energy Secretary Francisco Viray said such ventures would be best left to the private sector.

Meanwhile, the buyers of the Camago-Malampaya gas namely: the National Power Corp. (Napocor) and First Gas Holdings Corp. (FGH) have already submitted its letter of intent (LoI) to Spex/Oxy.

The LoI expresses the commitment of the buyers to purchase a volume of gas equivalent to 3,000 megawatts [MW] from the Camago- Malampaya fields. This assures Spex/Oxy of a market. h3}Draft

Mr. Bomasang said the sellers are currently preparing its draft of a gas supply and purchase agreement. This will be negotiated by both parties when they convene next month. A final gas supply contract is expected to be finalized before year end.

Mr. Bomasang will soon retire from his current post as Energy Undersecretary. But he will still be part of the proposed Philippine Gas Office as a senior adviser.

Meanwhile, FGH will be bidding out by July 17 the turnkey contract for the 440-MW combined cycle plant to be built in Sta. [Santa] Rita, Batangas.

This plant will be part of the 1,500-MW combined cycle plant that will run on natural gas which will be commercially available by 2000.

FGH will be supplying part of the future power requirement of the Manila Electric Co. which can now buy power from independent power producers such as FGH and not solely from Napocor.

Thailand

U.S. Pressures for Insurance Liberalization

BK2706065495 Bangkok PRACHACHAT THURAKIT in Thai 26-28 Jun 95 pp 1, 21

[FBIS Translated Excerpt] Speaking about the liberalization of insurance business, a source in the Commerce Ministry told PRACHACHAT THURAKIT that the United States has presented a four-point demand for Thailand to comply with liberalizing the country's insurance business. The United States threatened to scrap the MFN (most-favored nation) privileges if the latter failed to produce any positive responses. The subject of liberalization of the insurance business will be included in the multilateral services negotiations under the WTO [World Trade Organization] framework, to resume on 30 June.

The source noted that the United States has placed more emphasis on the liberalization of the insurance business as the multilateral services negotiations draws near its end. The call for the liberalization of the financial and monetary services, on the other hand, was made as early as May. The aggressive tone from the U.S. side regarding the insurance business liberalization was obvious in the letter, dated 15 June, from U.S. Trade Representative Michael Kantor to Deputy Prime Minister Suphachai Phanitchaphak. The aggressive tone was also obvious in his statement delivered at the meeting of the U.S. Senate Committee on Banking, Housing, and Urban Affairs on 8 June.

Kantor's letter was sent to Deputy Prime Minister Suphachai through the Thai Embassy in Washington. [passage omitted on details of the letter and Kantor's statement]

A source in the Foreign Economic Policy Committee told PRACHACHAT THURAKIT's correspondent that the threat to cut MFN privileges was made to press for the abrupt liberalization of the financial and monetary services sector. This because Thailand has always insisted that opening up the sector would be carried out step by step.

The source added: The threat to cut the MFN privileges will bring the two countries — the United States and Thailand — to bilateral negotiations. This measure was also used with other countries that have trade problems with the United States. The United States can withhold the privileges after it has revoked its commitment with the WTO.

Tirana Phongmakhaphat, adviser to Deputy Prime Minister Suphachai, said what the United States wants from Thailand is the acceptance of all the demands in both the financial and insurance sectors. [passage omitted]

WTO To Hear U.S. Charge of Pineapple Dumping

BK1606155495 Bangkok Radio Thailand Network in English 0000 GMT 16 Jun 95

[FBIS Transcribed Text] The allegation of Thailand's dumping of pineapples into the United States will be brought to the World Trade Organization, WTO, for consideration in the next two months.

Deputy Prime Minister Suphachai Phanitchaphak says Thailand needs to clarify the issue because the fact is that the country can sell its pineapples at a lower price than many other nations due to its lower production costs.

The United States has threatened to impose a high import tariff on Thai pineapples if Thailand is found to have dumped the product into that country. Mr. Suphachai expresses his concern over the U.S. allegation. He says the accusation of dumping may be used as a trade protectionistic measure by some countries.

In investigating into the issue, Mr. Suphachai says the United States needs to use a same principle as in the case of Indonesia which exports pineapples at a lower price than Thailand.

SRV Envoy Confident of Solution To Incident

BK1606163095 Bangkok BANGKOK POST in English 16 Jun 95 p 8

[FBIS Transcribed Text] The Foreign Ministry is seeking authorization from Prime Minister Chuan Likphai to exchange a Vietnamese soldier captured by the Navy in a recent incident in the Gulf of Thailand for Thai fishermen, a government source said yesterday.

Second Lt [Lieutenant] Trung Gwan Gyai is being detained at the headquarters of the Navy's Second Region in Songkhla Province. The bodies of two Vietnamese soldiers who were killed in the May 31 incident are also being kept there.

Meanwhile, the Vietnamese authorities are holding 61 Thai fishermen and five captured trawlers off the coast of Binh Hai Province. They are also keeping the body of a Thai fisherman killed in the incident.

The source said the Ministry had sent a letter to the prime minister recommending that the Vietnamese soldier be freed. The recommendation is intended to demonstrate Thailand's goodwill in speeding up talks to end the problem.

Officials from both countries met yesterday at the Ministry to try to resolve the incident. The Thai delegation, led by the director-general of the East Asian Affairs Department Sombun Sa- ngiambut, held an hour-long discussion with the Vietnamese Ambassador to Thailand Le Cong Phung.

Vice Admiral Phadungrat Siphet, commander of the Navy's Second Region, brought the Vietnamese soldier from Songkhla to the meeting so he could be questioned by Foreign Ministry officials. The soldier had the opportunity to meet the Vietnamese envoy for the first time during the meeting.

Foreign Ministry spokesman Suwitthaya Simasakun told reporters after the meeting that Thailand and Vietnam had agreed to exchange the bodies as soon as possible.

Despite both sides insisting that the incident took place in their territorial waters, Thai and Vietnamese officials have expressed optimism that the problem can be resolved soon.

"Vietnam is trying to seek the best way, the most logical and appropriate way to solve the problem," the Vietnamese envoy said after emerging from the talks.

"I'm sure the two governments have the political will to solve this in an appropriate way," he added.

"The incident took place in the exclusive economic zone of Thailand," Vice Admiral Phadungrat stressed while speaking to reporters, but Mr Phung countered by saying, "everyone has their own reasons," when asked about the question of sovereignty.

"What has happened has happened," he added.

Mr Suwitthaya agreed with the envoy's remarks, saying both sides should focus on how to end the problem as soon as possible.

He said Thailand has sought permission from Vietnam for the Thai Consul in Ho Chi Minh City, Sananchat Thephatsadin, to visit the Thai fishermen being detained.

Both sides also discussed an agreement on cooperation in an overlapping area of the Gulf of Thailand, which states that Bangkok and Hanoi should undertake joint inspections to avoid the use of force and prevent future incidents in areas where the sea boundaries are unsettled, he said.

The agreement was reached in a meeting of the Joint Committee on Fisheries and Sea Order, co-chaired by Foreign Minister Surin Phitsuwan and Deputy Vietnamese Foreign Minister Vu Khoan in Phuket last March.

Mr Sananchat denied a report that Hanoi was demanding $20,000 for the release of each fisherman. He said he had not received any such demand.

He said he would meet the Thai fishermen after returning to Ho Chi Minh City next week.

Foreign Ministry officials said even if the demand was true, Thailand would never accept it because it would imply that the Kingdom had admitted the incident took place in Vietnamese waters.

In Vietnam, official newspapers reported that authorities in the southernmost province of Minh Hai have decided to release the Thai fishermen, according to Reuters. But there was no immediate Vietnamese government comment on the reports.

Mr Sananchat said he hoped that because Vietnam was preparing to officially join the Association of Southeast Asian Nations, it would try to resolve the issue soon so as not to affect its status in the above respect.

Vietnam will be accepted as a new ASEAN member in the grouping's meeting of Foreign Ministers in Brunei next month.

EU To Raise Duty on Boneless Chicken Exports

BK2706045095 Bangkok BANGKOK POST in English 26 Jun 95 p 19

[Report by Somphon Thapphanachai of the BANGKOK POST]

[FBIS Transcribed Text] Thailand's exports of boneless chicken to the European Union will attract additional duty of 180 ECUs [European currency units] per ton when the import price falls below a certain level starting this Saturday, Phitsanu Rianmahasan, a senior official in charge of commercial affairs of the Thai Embassy in Brussels has announced.

The increase will be among the lowest levied on major exporters of boneless chicken to the trading community. China will pay an extra 380 ECUs per ton and Brazil a further 240 ECUs.

To protect its domestic chicken industries, the EU has set a "trigger" price based on the average import price during 1986-89. If the import price drops below the trigger price by more than 10 percent, additional duty will be levied.

The charge is allowed by the agricultural agreement of the World Trade Organization.

The union has set the trigger price at 3,350 ECUs per ton. The normal duty on imports will be 1,504 ECUs per ton from Saturday. The duty will be reduced by 6 percent annually until the year 2000.

Mr Phitsanu said European importers would have to deposit a guarantee with their customs authorities. If it was proved the import price from Thailand did not breach the trigger price rule, importers could get back their money. Last year, Thailand's exports of boneless chicken to the community had a market share of 22.1 percent (13,571 tons), an increase of only 12.9 percent over the 1993 level.

Brazil exported 21,348 tons for a market share of 34.8 percent, up 39.7 percent; and China recorded the highest growth at 86.2 percent, exporting 16,482 tons.

Mr Phisanu said the fact that Thai boneless chicken would attract the lowest rate of increased duty would make it more competitive.

Thai exporters should not quote prices below the trigger level as it was not necessary to do so, he said. Thailand offered a range of products and prices should be flexible base on quality.

Phnom Penh Troops, KR Clash Near Poipet

BK1606163295 Bangkok BANGKOK POST in English 16 Jun 95 p 10

[FBIS Transcribed Text] Aranyaprathet — A Thai man was killed when a stray rocket from a Cambodian skirmish hit a house on the Thai side of the border yesterday.

Phnom Penh troops and Khmer Rouge [KR] guerrillas were fighting near the Cambodian town of Poipet when the 107-mm rocket landed in the house in Khok Sabaeng village shortly after midnight, setting it alight.

The victim was a 33-year old public health official.

Stray shells also hit nearby Thai villages including Ban Sano Noi, cutting powerlines, damaging rice barns and sanitation stations, and killing a water buffalo.

Thai villagers huddled in bomb shelters while Cambodian villages were seen ablaze.

The fighting stopped at about 3 a.m. after Colonel Itsara Watcharaprathip of the Burapha Task Force ordered the Thai artillery to return fire.

Task force commander Maj-Gen [Major General] Niphon Pharannit said Thai forces concentrated on the Phnom Penh base as it was believed the rockets had come from that direction.

The guerrillas were also attacked for violating Thai air space, Maj-Gen Niphon said.

Thai officials said about 30 Khmer Rouge guerrillas attacked a government position one kilometer south of Poipet around midnight, triggering a heavy firefight involving submachine guns and rocket-propelled grenades.

Phnom Penh's 12th division dispatched a company of 50 troops backed by two tanks, forcing the rebels to retreat along the Phrom Hoad border canal to their base on Hill 25.

The hill is three kilometers from Laem Nong Ian, where the Thai territory juts into Cambodia, and about 15 kms southeast of Aranyaprathet.

Maj-Gen Niphon said the Burapha Force was compiling evidence so the Foreign Ministry could lodge a protest with the Cambodian government.

Cambodian ambassador to Thailand Rolang Eng also would be invited to inspect the damage.

He dismissed claims that the Phnom Penh forces had no intention of firing into Thailand.

First Region Commander Lt-Gen [Lieutenant General] Bandit Malai-arisun is due to arrive here today to inspect the situation.

Bankers Cite Impact of Burma Border Closure

95SE0142C Bangkok THAN SETTHAKIT in Thai 6-9 May 95 p 12

[FBIS Translated Excerpt] [Passage omitted] Mr. Klin Kaeomanichai, the treasurer of Chiang Rai Province, said that Mae Sai District's financial situation has declined greatly following the closure of the border trading points. It has been more than 3 weeks since any of the eight commercial banks in Mae Sai District deposited money with the provincial treasury. Normally, they deposit 70-80 million baht a day. But today, nothing is coming in. Trade has stopped completely.

During the 2 days prior to the closure of the border, the commercial banks deposited approximately 1 billion baht with the provincial treasury. The commercial banks in Mae Sai District deposited money with the provincial treasury twice a day. Most of this money came from Burma. But that situation lasted only 2 days. Since then, none of the commercial banks in Mae Sai has deposited any money with the treasury.

A high-level news source with the Mae Sai branch of Bangkok Bank Ltd. said that the border has now been closed for more than a month. Because of this, the flow of cash into and out of Bangkok Bank has declined greatly, and more than half of its customers have disappeared. It can almost be said that the flow of money has come to a standstill. Customers used to deposit approximately 20 million baht a day. This has now declined to about 10 million baht a day. Because of this, the bank does not have sufficient funds to deposit money with the provincial treasury. The deposits received are used to service the daily withdrawals made by customers.

The news source said that 2 days before the border was closed, merchants from Burma who are customers of the bank came and made unusually large deposits at the bank. That was the case at all the banks. It is thought that they were trying to get their money out of the war zone, because there is no trade in Burma. Thus, the merchants wanted to deposit their money in a bank for the time being in order to protect their assets. [passage omitted]

Route Competition Concerns Airline Officials

BK2306085695 Bangkok BUSINESS DAY in English 23 Jun 95 p 1

[Report by Zubair M. Latif]

[FBIS Transcribed Text] Amid intensifying competition for Asian air routes, Thai Airways International [THAI] officials yesterday expressed concern that the airline could become caught up in the crossfire over lucrative routes.

The comments follow news that the Australian government intends to place restrictions on Cathay Pacific flights to Sydney from Hong Kong in response to what it said were unfair curbs placed by the Hong Kong government on its services to the British colony. Qantas and Cathay are due to go to court on Monday.

Meanwhile, the U.S. government last Monday proposed sanctions against Japan Airlines and Nippon Cargo Airlines, saying Japan's failure to approve new services for Federal Express left it no choice.

Japanese officials on Wednesday declared they may retaliate by banning some of the 35 Federal Express and 17 Northwest trans- Pacific flights between Japan and six Asian destinations, including Bangkok.

THAI President Thammanun Wangli said the airline was consulting with Cathay Pacific as both airlines are members of Orient Airline Association (OAA).

"We do not know what will happen. We have to wait till the dust settles," said THAI's chairman Amaret Sila-on.

Phisit Kutsalasayanon, senior vice president in charge of the airline's Commercial Department, reiterated that THAI was categorically opposed to the "open skies" policy advocated by U.S. airlines.

Among other benefits, the open skies policy would enable U.S. airlines to fly directly to international airports in Asia. "What we support is a regime based on equal opportunity. Equal in both objective and strength," Mr Phisit said.

On the domestic front, Mr Phisit wished Bangkok Airways all the best as it commences services on the Bangkok-Ranong route later this year. He said THAI was not disappointed to lose the route to a small domestic airline as the national carrier was making a loss on the route.

"Bangkok Airways is not our enemy. Our enemies are abroad, where the competition is intense," he said.

Japanese Industrial R&D Cooperation Discussed

95SE0142A Bangkok DAILY NEWS in Thai 20 Mar 95 p 3

[FBIS Translated Text] Mr. Chaloemchai Honak, the director of the Science and Technology Research Institute of Thailand, said that the institute has been studying the production of transducer materials using piezoelectric materials. The institute has used such materials as lead oxide, zirconium dioxide, and titanium dioxide. It has also cooperated with researchers from the Inorganic Chemistry Research and Development Center of Japan in developing these materials using a new method. With this new process, it has been possible to produce materials of very high purity and even quality. Besides this, this new production process reduces air pollution and production costs are lower. In the wake of these successes, the institute is applying for a patent both here and in Japan.

Mr. Chaloemchai said the fact that Thai researchers have been able to develop a new process for producing transducers shows that they have made progress. This will greatly benefit those in ceramic electronics circles. Besides this, Thai researchers have shown that they are capable of cooperating with researchers from a developed country. This is something that we can be very proud of. Based on these successes, the institute held a seminar on the topic "The Institute Registers a Thai-Japanese Patent Concerning the Development of a Process to Produce Transducer Materials." The purpose of the seminar was to disseminate information to other scientists. This was held on 16 March 1995 at the Maruai Gardens Hotel.

To date, the transducer materials have been put to use in the electronics field. Examples of this are the production of ultrasonic purifiers, remote controls, computers, infrared scopes, telephones, microphones, mosquito traps, fish locators, alarm clocks, timing devices, antitheft alarm systems, and many devices in the field of microelectonics. This includes a vehicle control system. Following these achievements, the institute will improve the transducer materials in order to improve the quality of the ultrasonic purifiers and other products in industry.

Economy Sound Despite Current Account Deficit

BK2706045395 Bangkok BANGKOK POST in English 26 Jun 95 p 20

[Report by Chonlada Ingsisawang and Sunrat Bunyamani]

[FBIS Transcribed Text] The Thai economy is on solid ground despite a mounting current-account deficit, in the view of Dr Phisit Li-atham, executive vice-president of investment banking at Bangkok Bank.

The growth of the current-account deficit is not so substantial compared with the surplus in the balance of payments, which Thailand has had since 1988.

This indicates that the Government has made headway in collecting taxes since the Revenue Department changed its tariff structure, said Dr Phisit.

In 1988, the surplus was 1.9 percent of Gross Domestic Product and grew steadily to a peak of 4.9 percent in 1991. After that the surplus continued to decline.

This year it is expected to be only 1 percent of GDP.

The surplus is a healthy sign because it shows that the Government will not be required to raise taxes to finance its spending, said Dr Phisit, a former Bank of Thailand chief spokesman.

As a result, Thailand is able to tap long-term investment from abroad, with foreign investors continuing to put money into sectors that will not be affected by taxation.

As a result a current-account deficit is inevitable due to higher investment but it is not alarming, said Dr Phisit.

A budget surplus gives the Government more spending power, with excess funds available for use in subsequent years. The result is that work on major projects can be accelerated, assuming Cabinet approval.

Budget surpluses also allow the Government to allocate funds for use in stimulating the economy.

It has the ability, for example, to reduce the tax burden if the private sector feels its production costs are rising due to higher minimum wages or other factors.

Regarding proposals to reduce the present value added tax rate of 7 percent, Dr Phisit said careful consideration was needed, as the VAT system is neutral, in that all goods are taxed equally. Any changes will have repercussions for all consumers, he said.

Dr Phisit noted that the Government did not deliberately set out to have a surplus, but its payment system is inefficient so budget appropriations tend to be distributed slowly.

He foresees that Thailand's budget will achieve equilibrium during the eighth National Economic and Social Development Plan.

This is because the Government has to invest in several megaprojects to strengthen infrastructure to support long-term economic growth.

Despite the rapid changes of Thailand's economy, it is unlikely that the country will build up additional foreign debts that would exacerbate the current-account deficit, said Dr Phisit.

Reporting Continues on Submarine Plans

95SE0142B Bangkok NAEO NA in Thai 28 Apr 95 p 3

[FBIS Translated Text] On 27 April, General Prasoet Sanrut, the under secretary of defense, was interviewed after presiding at the opening of a seminar for defense contractors on the topic "The Role of the Private Sector in Industry." In the interview, he discussed the Navy's plan to purchase a submarine, a plan that has been delayed by General Wichit Sukmak, the minister of defense. He said that he was the one who suggested that General Wichit delay this for the time being. But "delay" does not mean "do away with." He suggested this because the defense budget is limited. Thus, changes have been made in order to use this money to purchase other types of weapons and equipment for which there is an urgent need and which are more important than a submarine. This doesn't mean that it won't be possible to purchase a submarine, but this will have to be postponed for another year.

In an interview with foreign reporters, Mr. Chuan Likphai, the prime minister, said that the military is probably unhappy about this. But General Prasoet said that the prime minister probably said that out of consideration for the military. Because, in purchasing weapons, the military has to make plans at least five years in advance. Each branch of service must consider what it will need each year, and this must be approved by the operations sections. But whether the funds are provided or not depends on the urgency and the funds allotted.

"I was appointed under secretary of defense, so I have the right to express my views or opinions to the minister of defense, who is my superior. Thus, concerning my involvement in the purchase of a submarine, I am not afraid of being criticized by the Navy. There are reasons for what I have done," said the under secretary of defense. He added that next year, whether the Navy is allowed to proceed with this program will be up to the Bureau of the Budget, Ministry of Finance, and the National Security Council.

Vietnam

Trade Union President, Delegation Visit Mexico

BK2506155795 Hanoi VNA in English
1406 GMT 25 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 25 — A delegation of the Vietnam General Confederation of Labour (VGCL) led by its president, Nguyen Van Tu, member of the Communist Party of Vietnam Central Committee, has paid a week-long visit to Mexico from June 16.

While in Mexico, the delegation held talks with a delegation of the Mexican Confederation of Revolutionary Workers (CROC) led by its general secretary, A.B. Blancas. The two sides informed each other of their countries' socioeconomic situation and their organizations' activities and discussed measures to further develop the relations between VGCL and CROC.

The delegation also had working sessions with president of the Confederation of Mexican Labourers (CTM), Fidel Velazquez.

At the talks, the CTM president expressed his admiration at the Vietnamese people's success in the struggle for national independence and reunification and his wishes for further promotion of the friendly relations with labourers and trade union organizations of Vietnam.

During its stay in Mexico, the Vietnamese delegation was received by deputy head of the External Relations Commission of the Institutional Revolutionary Party, Ms. Rosa Maria.

Meeting on Ties Held With Australian Officials

BK2706075395 Hanoi VNA in English
1428 GMT 26 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 26 — The first consultative meeting between officials of the Vietnamese and Australian Foreign Ministries was held here on June 24 in furtherance of the agreement between the Vietnamese foreign minister and the Australian foreign affairs and trade minister.

The Vietnamese side was headed by Mr. Nguyen Duy Hung, director of the Southeast Asia and South Pacific Department, and the Australian side by Mr. Geoff Forrester, deputy secretary of the Foreign and Trade Ministry.

During the meeting the two sides compared notes on bilateral ties and cooperation between the two Foreign Ministries with the aim to boost and expand the friendly and cooperative relations between the two countries. They also exchanged information on international and regional issues of common concern.

They were of the same view to continue organising annual meeting between the two Foreign Ministries.

The consultative meeting was conducted in the atmosphere of friendship and mutual understanding.

While in Vietnam, the Australian Delegation was received by Deputy Foreign Minister Le Mai. Australian Ambassador to Vietnam Ms. Susan Boyd took part in the delegation's activities.

Socioeconomic Development Issues Discussed

952E0078A Hanoi KINH TE VA DU BAO in Vietnamese Apr 95 pp 2-4, 18

[FBIS Translated Text] During the first several months of the year, the economic, cultural, social, security, national defense, and diplomatic situation and the activities of the sectors and localities have continued to progress favorably. However, domestic investment using budget funds has not hit the planned target, budget revenues have been low, the price index is higher than at the same time last year, and social order and safety is still undergoing complex changes. To carry out the 1995 socio-economic development tasks successfully, in the various spheres of operations, the sectors, localities, and bases must concentrate their efforts on providing guidance in order to solve a number of major problems of great significance.

1. Expanded investment is the decisive factor for accelerating economic growth and satisfying the pressing requirements of the new development period. In satisfying the requirements of 1995, the most serious problem is the lack of capital. Thus, the key thing is to attract capital from various sources.

State investment capital (budget funds and state investment credits) must be concentrated on building the economic and social infrastructure in line with the planned targets. Projects with the ability to recover state capital must mobilize capital themselves. If they cannot raise enough to satisfy the investment needs using state sources of capital, they must raise additional amounts from various sectors and other loan sources.

In order to ensure that funds are provided for construction projects on time in accord with the plans, budget revenue collection must be accelerated, and additional sources of capital must be sought for the projects so that construction can continue in 1995. It is very important that the projects launched this year be reexamined in order to determine a suitable pace in accord with the capabilities for providing capital. In cases where not enough capital can be provided based on the plans, priority must be given to the key power, communications, water conservancy, cement, and steel projects.

For many years now, the investment needs of the sectors and localities using state budget funds have usually exceeded the state's ability to provide funds. Because of this, each sector and locality must determine the investment targets correctly, make realistic investment plans, have reserve capital, and ensure that the work stipulated in the plans is completed in a timely manner.

The investment capital of the state includes Official Development Assistance (ODA) from abroad. In 1995, the plans call for using twice the amount of ODA for development investment as last year, and this can be increased even more. But what happened in 1994 shows that we have not done a good job in making use of this source of capital, particularly in preparing plans. Because of this, we must quickly formulate programs, open training classes, and providing concrete policies. This is particularly the case in clearing the surfaces and doing things in a quick, open, and fair manner.

Investment by enterprises and people using capital that they have acquired on their own accounts for approximately one-third of total investments throughout society. These investment sources still have great potential and the highest profit rate. But there are two problems that must be solved.

Capital markets must be created to facilitate efforts to invest in developing and expanding such forms as bonds, shares, and medium- and long-term deposits. Bank expenditures must be reduced, and income taxes must be waived for commercial banks in order to lower interest rates on loans. Foreign capital must be attracted in order to satisfy the capital needs of the enterprises engaged in intensive investment, and it must be ensured that the loan funds are used properly.

Guidance must be strengthened to ensure that investment moves in the right direction, particularly investment in the production and processing of export goods. To this end, the operating formulas of the state organizations that provide guidance and that serve as investment advisers must be renovated, city and industrial plans must be examined, the laws to encourage domestic investment must be concretized, the stipulations and details concerning the implementation of the laws on the rights and obligations of the domestic organizations to which the state has granted land must be reviewed, and the policies and measures concerned must be revised. These are tasks that must be carried out in order to eliminate classifications based on the old way of looking at things. They also create a social psychology of being at ease, having confidence in the unity of the policy of a multi-faceted economy, and holding in high esteem those who invest in long-term production and business and who gain wealth honestly.

Direct foreign investment is increasing quickly and now accounts for one-third of all investment throughout society. A major problem is that along with continuing to improve the investment environment, steps must be taken to organize and rationally assign the state management tasks having to do with the plans that have been approved and the installations that have gone into operation in order to ensure that Vietnam's laws are obeyed and to emphasis results and benefits in transferring technology, using and training manpower, penetrating foreign markets, and distributing profits.

2. Balancing the budget is the most pressing problem with respect to the guidance work of the various-echelon administrative organizations.

The decisive element today is to increase revenues in accord with current laws. The authorities at various echelons and the enterprises with large revenues must discuss ways to solve the problems of production and business and determine struggle targets to improve results and increase budget revenues. The sectors and localities must resolutely implement measures to fight revenue shortfalls and tax evasion in state enterprises and in the private economy. Steps must be taken to supervise and control the implementation of the policies and measures to cut expenditures put forth by the National Assembly and government. There must be concrete measures to oppose the waste of public property, and this must be controlled closely.

The finance organizations must have expense measures and strengthen control over the use of budget funds. State auditing agencies must carry on activities and actively contribute to strengthening discipline and implementing an open financial system. When making estimates, organizations and enterprises must ensure that revenues and expenditures are in line with each other and not rely on domestic or foreign loans. New or unexpected expenses must be handled in accord with revenues. If the central budget or a local budget cannot fulfill the revenue plan, expenditures must be cut by a corresponding amount. Each quarter, the finance and planning organizations must review things to see if the budget is in balance and put forth concrete plans to cut expenditures for those places that have failed to fulfill the revenue plans. In those sectors and localities where revenues exceed the plan, the excess can be set aside to stimulate that place and placed in the prevention fund.

Along with promoting research to reform the tax policy, the state will promulgate new accounting measures, satisfy the financial auditing and inspection requirements, and create a basis for renovating the tax collection methods.

3. Early on, the government formulated positive import-export policies and measures. The sectors and localities must implement the stipulations on quotas for a number of types of goods. For each type of good, the government set specific quotas for a number of key units and made preparations to use the contract mechanism. The work of monitoring and controlling imports and exports in order to balance goods and currency and to balance supply and demand for a number of important types of goods must be done even more carefully in order to avoid market spasms caused by a shortage or surplus of goods. Resolute steps must be taken to control smuggling, particularly with respect to those organizations or state enterprises that are directly involved in various forms of aid the smugglers.

This year, the amount of direct foreign investment and foreign currency brought into the country will increase, and the export value may exceed $5.5 billion. During the initial stage of industrialization, the composition of imports must serve building the material base, expanding production, promoting exports, and ensuring that the trade deficit can be dealt with in a wholesome manner.

A major problem that directly affects imports and exports is the rate of exchange, particularly the exchange rate between the Vietnamese dong and the U.S. dollar. Dealing with the exchange rate must be tied to the policies and measures for effectively increasing the velocity of the foreign currency brought into the banks, increasing foreign currency reserves, reducing the use of foreign currency as a settlement and credit means in Vietnam, and improving the exchange character of the Vietnamese dong. Fluctuations in foreign currency exchange rates on international markets must be monitored closely.

4. Controlling inflation.

Controlling inflation is the leading factor for stabilizing the economy at the macroeconomic level and creating a favorable environment for expanding investments and improving living conditions.

In 1994, the inflation rate was 14.4 percent, failing to hit the single-digit target as called for in the National Assembly resolution. This was due primarily to the fact that the price of grain and food increased 23.6 percent. And during the first 2 months of 1995, the price of these goods has continued to rise. This situation has had a number of negative effects, but in general, this has not had a great effect on the markets or social psychology. Nevertheless, this is a problem that must be dealt with in the coming months.

In order to prevent the price of rice from rising in the north and keep the price of food from falling too much in the south, rice must be purchased in the Mekong Delta in order to increase the national reserve. This rice must also be sent to the north to satisfy needs during the preharvest lean period. Things must be reorganized immediately by assigning tasks. Reorganization must also occur by coordinating things between the national reserve, the circulation reserves, and retail sales networks of the state corporations that sell grain in the provinces and cities. Prompt steps must be taken to regulate grain supply and demand among the regions.

At a time when there is still a large budget deficit, the matter of increasing the wages of workers and civil servants must be dealt with carefully. Continuing to reform wages, raising the minimum wage, and expanding the wage factor must be tied to accelerating the rate of economic growth, increasing budget revenues, and implementing policies to reform administration and reorganize the organizations and apparatus.

Constant attention must be given to financial-currency control and management. The key task is controlling the state budget to ensure that the deficit does not exceed the amount set by the National Assembly, as well as striving to reduce the budget deficit in coming years. Taking temporary bank loans to make up the budget shortfall must be avoided.

The state bank must continue renovating the mechanisms for controlling currency circulation, managing foreign exchange, and controlling inflation. Issuing credit to commercial banks that do not have corresponding settlements must be stopped. The plans for purchasing foreign currency must be linked to the plans for making use of the foreign currency, with priority given to importing equipment and materials to support production, and attention must be given to maintaining a balance between money and goods. Noncase settlement forms must be expanded. Steps must be taken to ensure that expenses are paid quickly, conveniently, safely, and settlement forms must be stipulated for the organizations and enterprises.

5. Administrative reform in 1995 must be at a higher level and more comprehensive, with the key being the reform of state administration on three fronts:

Administrative regulations must be reformed, concentrating above all on reforming administrative procedures and improving social order and discipline. The complaints lodged by citizens must be dealt with, and people must be provided with more information. Openness in carrying on administrative activities must be increased, and the process of formulating laws and regulations must be renovated and the quality of this must be improved.

The state administrative apparatus must gradually be overhauled based on clearly defining the management functions of the state in a market economy and the tasks and powers of the authorities at the various echelons and in the various spheres. This must be done by reorganizing the management of the state enterprises and eliminating the "management" measures of the administrative organizations with respect to enterprises.

Training administrative cadres and civil servants must be promoted, and the administrative apparatus must be purified based on the civil service measures and regulations.

Since May 1994, the government has issued resolutions on reforming administrative procedures and directly guided their implementation in seven spheres.

Reality shows that revising the procedures is difficult, but resolutely implementing the new stipulations on procedures and opposing those who try to make trouble and who engage in extortion is even more difficult. This year, civil service measures must be promulgated, and the establishment of an administrative court must be promoted in order to strengthen the legal basis for dealing with matters and handling complaints filed by people against state organizations.

Opposing corruption and the waste of public property is part of administrative reform, together with a whole series of policies and measures for reforming administrative statutes and procedures, reorganizing the apparatus, applying the civil service measures and regulations, and establishing an administrative court.

In order to carry out this struggle more effectively, the sectors and echelons must wage a resolute struggle in taking action. There must be regulations requiring those who commit violations to compensate the state for the damage done, including cases of fraud. Leading cadres and civil servants who commit serious violations or who allow corruption to take place or state assets to be wasted because of their failure to manage things closely must immediately be dismissed, demoted, or suspended prior to the application of other legal measures.

TAP CHI CONG SAN

TAP CHI CONG SAN for March 1995

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The Role of Ideological Theory and Religion in Vietnam Today

953E0013B Hanoi TAP CHI CONG SAN in Vietnamese Mar 95 pp 34-36, 41

[Article by Nguyen Tai Thu, deputy director of the Philosophy Institute, Center for Social Sciences and the Humanities]

[FBIS Translated Excerpt] There are many different ideological theories, religions, and beliefs in our country, but these can be divided into fourm main groups: Traditional teachings, religions, modern Western bourgeois ideological currents, and Marxism-Leninism and Ho Chi Minh thought. Each group has its own way of surviving and its own method of producing effects. [passage omitted]

Confucianism, Buddhism, and Taoism have a long history in Vietnam and have been creatively strengthened by the Vietnamese people. They have become a strong tradition and have long-term value to the country.

Buddhism and Taoism (which stems from the teachings of Lao Tse) are major religions of the people. Together with other religions, these two religions have created a broad religious system. In our country today, based on still incomplete statistics, about 70-80 percent of the people hold religious beliefs, which means that in a population of 72 million people, approximately 57 million hold religious beliefs.[1]

The degree of religious belief differs depending on the circumstances and standards of each person. The forms used to preserve their beliefs also differ. Some people simply need to believe and carry out the teachings in the sacred books, others regularly perform rituals and pray, some practice regularly, and so on. Although the forms differ, all of these forms help to solidify belief and faith in supernatural forces.

All Western bourgeois ideological doctrines of recent times have spread in our country at different periods. The ideas of the 18th century French "enlightenment" spread to patriotic Vietnamese families at the beginning of the 20th century. The intuitionism of Bergson, the objective idealism of Hegel, the levels of consciousness of Freud, and so on influenced all strata of intellectuals at the beginning of the 1940's. Materialism and pragmatism entered the cities of southern Vietnam during the American puppet period. All of these doctrines exist in various theoretical forms and still have some influence today.

Marxism-Leninism entered our country at different periods. Very early, Nguyen Ai Quoc and other older proletarian revolutionaries spread the ideas of Marx and Lenin in Vietnam. After the 1945 August Revolution, under a nationalist system, Marxism-Leninism gradually spread among the people through the classes of the party and through revolutionary publications. After 1954 and 1975, cadre training schools were established in both the north and the south. Each year, these trained thousands of people with different standards in Marxism-Leninist theory.

With their traditional methods, the above ideological doctrines and religions are still exerting an influence on their targets, and they are still creating people who live according to their ideals. This situation requires appropriate control and guidance. The purpose of this is not to ban certain ideas and religions or bring about unity of thought but to recognize and guide them so that they can lead a wholesome existence and benefit development.

Who plays this role? A number of people and a number of social groups advocate having political pluralism and having opposition parties. The main purpose of this is to compete against the Communist Party. With its historical achievements and its present position, the Communist Party is still the one that has ability and prestige to solve the immediate problems and stimulate development. But in order to do this, the party must act in a dynamic and timely manner and continue renovating its thinking concerning the values of modern society.

Previously, national independence, atheism, and socialism formed the basis for formulating values. Today, those factors are still important, but those are no longer the immediate tasks. Moreover, using the eyes of the bureaucratic centralism and the state subsidies period to measure today's values is not appropriate either. The struggle target set by the party is to have a prosperous people, strong country, and just and civilized society. This is an operational guideline. At the same time, this can be viewed as the basis for establishing new values. Whatever benefits hitting that target has value, and what does not is of no value. Using this principle to examine the traditional and modern will enable us to form a new set of values and establish a new basis for evaluating ideological doctrines and religious beliefs.

Ideas that regard the male as important and the female as unimportant, special rights and privileges, the concept of an ordered hierarchy, bureaucratic behavior remote from reality, and other such ideas that derive from Confucianism must be criticized and eliminated. The idea of loving others (through the word "human"), the concept of responsibility to society and to others (through the five moral obligations), the spirit of setting an example for others (through perfecting oneself), the will power to implement ideas (reached in religion), and so on are the positive factors of Confucianism that can be reconstructed and exploited.

Religious manifestations in society are very complex, and there are aspects that cannot be affirmed or denied. Resolving this issue is usually a very sensitive and delicate matter. But simply based on this ideological current, it cannot be said that religion will revive and expand in line with science, that religion is just a cultural phenomenon, and so on. Also, the limitations of religion must be pointed out quite frankly, and people should not be afraid to affirm the correct observations of the founders of Marxism-Leninism on religion.

The positive aspects of religions must be recognized. Religious morals have contributed to stabilizing social life. The five Buddhist precepts and the Ten Commandments of the Jews and Christians have helped the religious areas maintain social order and safety. Because they regard "religious belief as the spiritual need of some of the people," the party and state "respect the people's right to hold or not hold religious beliefs and want there to be equality and solidarity among all religions."[2]

Some religious activities are cultural activities. Cultural activities such as ceremonies, poetry, music, architecture, fine arts, and so on that are aimed at supporting virtue are forms to preserve the capabilities and ideals of the people and activities to strengthen the cohesiveness of society. If these are exploited skillfully, this will benefit the construction of a rich and varied national culture.

But the effects of religion are two-sided. There is a negative aspect as well as a positive aspect. Belief in the omnipotence of a supernatural force has reduced the role of man and reduced the natural dynamism and creativity of social man. Religious beliefs and rituals sometimes talk about miracles, heaven and hell, life after death, and so on. These things are the basis for the rise of illusion and superstition. Trances, fortunetelling, astrology, miracles, and so on are all related to religion. Thus, some people have said that between religion and superstition, "there still exists a thin line that is easily crossed, and this can lead to superstitious phenomena disguised as religious belief.", As for religious ethics, to put these into practice, there must be conditions, that is, god or heaven, the Buddha, or saints to serve as witness. This poses no danger to virtue. In religious areas, the planned parenthood activities have not been carried out well, because the people there believe that using contraceptives and practicing abortion is evil. Raising the people's standard of culture in those areas is more difficult than in other areas. Some of the scientific knowledge taught in school is not in accord with religious doctrine. Because of this, in general there are fewer primary and mid-level general students in the religious areas than in nonreligious areas. The dissemination of science and technology useful for production in the religious areas is often sluggish.

In our country today, some people mistakenly think that on this side, "the party and union are arid and meaningless, and there is an indifference to politics"; but on that side, people are thronging to places of worship. That is not just a temporary phenomenon or something that is caused by people's confusion in the face of rapid changes in their lives. The future does not belong to religion. Once the people's standard of living has been improved and their standard of culture has risen, it will be difficult for religion to expand. Although there are important scientists who hold religious beliefs, although there are people who say that science and religion will develop hand in hand, and although there are still many aspects of the world that science has not yet been able to explain, the history of mankind shows that the closer we come to modern times, religion has declined and the factor of reason in religion has increased. In France, only 15 percent of the people go to church; in Belgium, only 7 percent attend church; and in the Netherlands, in a number of areas the churches are empty. In Germany, only 15 percent of the youths there say that the survival of the church is essential.[3] The same is true in our country. Thus, on one hand, we must oppose narrow-minded attitudes and prejudices against those who hold religious beliefs. On the other hand, we must stay close to them, exert an effect on them, and enable them to have greater trust in the strength of man and society. An attitude of indifference and passiveness is not appropriate. An attitude of turning one's back on party, union, and unit activities because of the rigid activities of religions is an irresponsible attitude.

Many new theories are appearing in the world today. These theories reflect the richness of human thought. It is essential that we analyze, explain, and objectively criticize those theories now entering our country. This will help us approach the modern world and enable each person to make choices and see the substance of these in order to expand their intelligence.

Marxism-Leninism is the greatest theory. It is an all-encompassing ideology that controls our society. It is the theory that led our national democratic revolution to victory. It still has great vitality if used and developed in accord with today's society. The Seventh CPV Congress stated: "Creative use must be made of Marxist-Leninist theory and Ho Chi Minh Thought, and these must be developed."[5] This cannot be done simply by using the existing theories. These must also be reflected in our country's specific historical circumstances both now and in the future.

There will be new things in Marxist-Leninist theory as this develops in our country. These are not only generalizations derived from the life of modern society and from the new theoretical achievements just scored by man but also the positive factors existing in tradition and in the older theories that have been reformed and improved. Rediscovering the values in traditions does not mean restoring the old order or transforming society. Just the opposite. This is a need of the new society. In the past, Ho Chi Minh advocated making use of the valuable ideas of other theories. He said that "even though Confucius was a feudal man and even though Confucianism contains many ideas that are wrong, we should still study the good points in Confucianism."[6] He also said, "Don't Confucius, Jesus, Marx, and 'Ton Dat Tien' all have something in common? They all worked for the happiness of man and the welfare of society. If they were still alive today and they met in one place, I think that they would certainly be able to get along well, like close friends. I want people to become disciples of these great people."[7]

These words by President Ho Chi Minh evoke in all of us many thoughts in the present stage.

Footnotes

1. Report by the Mass Agitation Committee of the Central Committee and Government Religious Affairs Committee.

2. CPV, "Proceedings of the Seventh National Congress of Delegates," Su That Publishing House, 1991, page 78.

3. Thai Hong Vu, "On Religion and Superstition," HANOI MOI, 3 April 1993.

4. TIEN PHONG, No. 42, 1 October 1994, page 10.

5. CPV, "Proceedings of the Seventh National Congress of Delegates," Su That Publishing House, 1991, page 80.

6. Ho Chi Minh, *Collected Works*, Su That Publishing House, Hanoi, 1971, Volume 5, page 368.

7. Tran Dan Tien, *Stories of the Life and Activities of President Ho*; "The Ho Chi Minh Story" (translated from the Chinese by Truong Niem Thuc), Tam Lien Publishing House, Shanghai, June 1949, page 91.

Promote Party Development Among Youths

953E0013C Hanoi TAP CHI CONG SAN in Vietnamese Mar 95 pp 46-49

[Article by Ho Duc Viet, member of the CPV Central Committee and first secretary of the Ho Chi Minh Communist Youth Union Central Committee]

[FBIS Translated Text] In building the party, expanding the party in general and expanding the party among youths in particular holds a very important position. This will increase the vitality of the party, reduce the average age of the ranks, and ensure the growth of the party. Thus, the party has constantly strengthened its ranks with youths who have been trained and tested and who have sufficient capabilities and standards. The resolution of the Third Plenum of the Communist Party of Vietnam [CPV] Central Committee (Seventh Term) stated: Attention must be given to selecting, training, and recruiting outstanding Youth Union members into the party. A program must be developed to expand the party among youths. There must be concrete plans, and things must be organized and guided closely in order to achieve practical results.

The party is emphasizing expanding the party among youths because it realizes that this is an important problem in party building, because it has correctly evaluated the great role of youths in building and defending the fatherland, and because it has always had great confidence in the wonderful nature and revolutionary traditions of our country's youths.

As the trustworthy reserve unit of the party, the Ho Chi Minh Communist Youth Union plays a very important role in party building. The youth union is the source that provides the party with young, intelligent forces that have been trained in the realities of revolutionary mass movements. It contributes to providing the party with new strength and quality.

During the second half of the 1980's, in the face of the complex changes taking place in the world and the great economic and social problems facing the country, the work of expanding the party also encountered difficulties and declined as compared with before. However, in recent years, along with the achievements scored in renovating the country and actively implementing the resolution of the Third Plenum of the CPV Central Committee (Seventh Term), party expansion has undergone a positive transformation and the decline in the recruitment of new party members has stopped. Since 1992, the number of new party members recruited into the party has increased every year: a 3.9-percent increase in 1992 as compared with 1991; a 32.8-percent increase in 1993 as compared with 1992; and a 20.4-percent increase in 1994 as compared with 1993. The number of youths recruited into the party has increased, too.

In the present stage, the party is leading the people in carrying on the renovation movement, gradually industrializing and modernizing the country, and creating the preconditions for the country to develop more quickly and strongly in the coming decade. Party expansion in general and party expansion among youths in particular is very important. This will contribute to enabling the party to grow stronger and satisfy the needs of the country, of the people, and of the present age.

The Ho Chi Minh Communist Youth Union is well aware of what its role and responsibilities are in party building in general and party expansion among youths in particular. In 1979, the youth union launched a movement to have "the entire union participate in party building." After carrying on this movement for four years (1979-1983), millions of outstanding youth union members had been recommended to the party and of these, hundreds of thousands were recruited into the party.

The Sixth Youth Union Congress held in October 1992 affirmed that "the Ho Chi Minh Communist Youth Union has a responsibility to participate in party building. This is a manifestation of the union's traditional nature and is one of its functions." Since the 6th Youth Union Congress, the party committee echelons and union echelons have given attention to guiding the work of improving and solidifying the union bases and expanding the party among youths. A number of results have been achieved, and this has contributed to providing the party with young forces.

More attention has been given to spreading propaganda, instilling ideals, and increasing the understanding of youth union members and youths concerning the party.

The union organizations at various echelons have striven to spread propaganda and educate union members and youths concerning the positions, lines, and policies of the party and state. Education also concerned the situation and tasks of youths in the new stage. They have striven to instill ideals and motivate union members and youths in concrete ways in accord with the special characteristics of each youth target. A striking point in the past period is that the union organizations have done a good job in teaching traditions, spreading propaganda, and introducing good examples and models. The forms of propaganda and education have been renovated. Many forms of propaganda and education have attracted large numbers of youths. This includes such forms as camp meetings, theatrical festivals, traditional campaigns, competitions to understand the party and union, traditional activities, and so on. Teaching youths about ideals and giving them an understanding of the party has been carried on in conjunction with organizing things for youths to study, carrying on activities, and training in daily life. Mechanisms have been proposed and conditions have been created to enable union members and youths to fulfill the ideals through daily activities.

The propaganda and education activities mentioned above have affected many youths, contributed to stabilizing ideas, and strengthened the faith of union members and youths in the leadership of the party and the renovation movement. According to the results of a survey, in 1990, 71.4 percent of the youths had confidence in and supported the movement to renovate the country. By 1993, this had increased to 83.6 percent, and in 1994, the percentage was 90 percent of those surveyed. A survey taken among 1,500 union members and youths in 1993 showed that 70.77 percent of the youths hoped to become party members.

Progress has been made in creating sources and recommending outstanding youth union members for party membership.

The youth union has launched two movements: a "Youths Establishing Careers" movement and a "Youths Defending the Country" movement. These movements have rich contents that are in accord with the aspirations and interests of youths. These two movements are expanding and becoming broad movements among our country's youths. They are creating an environment in which union members and youths can train, strive, and make contributions. During the past 3 years, the union has organized and mobilized youths to actively participate in economic, cultural, social, and humanitarian activities as well as activities to oppose social evils, to maintain political security and social order, and to defend the fatherland. Many union bases, union members, and youths have participated in these activities. Through these two major movements and various youth union activities, many active youths have been recruited into the youth union. In 1993, the union recruited 259,885 new members, an increase of 10.4 percent as compared with 1992. In 1994, it recruited 550,590 new members, more than double that as compared with 1993. This is a very valuable source for expanding the party.

The action movements, propaganda and education activities, and work of improving and solidifying the organizations have made it possible to solidify the youth union bases. By the end of 1994, approximately 50 percent of the youth union bases were classified as "good" and 35 percent were classified as "average." Progress has been made in controlling the youth union members, and the quality of the union members has improved somewhat. Based on classifications at the union bases, 80-90 percent of the union members have adequate qualifications. This will enable the union to carry out its task of training and recommending outstanding union members for party membership. The union echelons, particularly the union chapters and union bases, have given greater attention to training and recommending outstanding union members to the party.

The following are data on party member expansion among youths in the three years 1992-1994:

Year	Total Number of Newly Recruited Party Members	Total Number of Outstanding Youth Union Members Recommended to the Party	Total Number of Youth Union Members Recruited Into the Party	Percentage as Compared With Number of Outstanding Union Members Recommended	Percentage as Compared With Total Number of New Party Members
1992	37,496	152,739	22,293	14.5%	59%
1993	49,817	86,439	29,128	33%	58%
1994	60,000	176,957	32,400	18.3%	54%

Clearly, during the past three years, the number of party members recruited and the number of newly recruited party members who had been youth union members has increased every year. This shows that the party committee echelons and youth union echelons have given attention to expanding the party, and better results have been achieved than in the past. This also affirms that there is a new source for strengthening the party. The important thing is that a good job must be done in propagandizing, educating, guiding, and training the youths.

Although the percentage of new party members who used to be members of the Communist Youth Union is not as high as it was during the period 1979-1983, more than half of the newly recruited party members are youths. In the present situation, that is a very welcome result.

The above results are due to the following:

The achievements of the movement to renovate the country, particularly the economic and social achievements, have had a positive effect on the understanding of youths and contributed to solidifying their faith in the party.

The resolution of the Third Plenum of the CPV Central Committee (Seventh Term) on renovating and reorganizing the party has contributed to elevating the leadership role and increasing the prestige of the various echelons of party organizations. Many party committee echelons have strengthened their leadership in youth work and stressed providing better guidance for party expansion among youths.

As for the youth union, progress has been made in educating people, solidifying the organizations, and improving the quality of union members. Union activities and the youth movements have expanded, they are more practical and in tune with the youths, and they have attracted many more youths. Based on this, many union echelons have accelerated training activities and given more attention to recommending outstanding union members to the party for examination and recruitment by the party.

Along with the advances that have been made and the achievements scored, for several years now, party expansion among youths has had various shortcomings and weaknesses that must soon be overcome. Specifically:

Party expansion among youths has not taken place evenly in all zones and areas or among all targets. In the armed forces and in the sectors directly subordinate to the central echelon, the number of outstanding union members and the percentage of union members recruited into the party is very high. But in the street zones and among educated youths, students, religious youths, and ethnic minority youths, the number of union members recruited into the party is usually low.

As compared with the total number of newly recruited party members, the percentage of party members who were union members is much lower than in the previous year. Each year, the union has recommended a very large number of outstanding union members (the number in 1993 was slightly more than half the number in 1992 and slightly less than half the number in 1994). The percentage of outstanding union members recommended who were actually recruited is low, averaging 21.9 percent a year.

For many years, many union bases have not had any of their members recruited into the party.

The above weaknesses and shortcomings are due mainly to the following:

In the face of the complex changes in the world situation and the negative effects of a market mechanism, youths have become divided and changed greatly. Many youths are indifferent to political-social activities and have no desire to become union members or party members.

In training, instilling ideals in, and teaching youths about the party, the youth union has not carried on things regularly, and this work has not had a profound effect on union members. The work is carried out mainly through centralized educational campaigns. The contents of the education and motivational forms are poor and not in accord with the targets. Many of the union's movements and activities are not really broad in nature, and they have not been carried out regularly at the primary level in order to enable young union members to struggle, train, and grow. The quality of the activities of the union chapters is poor. In a number of sectors such as subwards, occupational administrative organizations, private enterprises, joint venture organizations, ethnic minority and religious areas, and so on, there are places that do not yet have a union organization. Or if they do, the activities are weak. In training and recommending outstanding union members for party membership, a number of union echelons do not guide things closely or implement the regulations correctly. Because of this, the quality of the outstanding union members is low. Many party committee echelons and union organizations have failed to give attention to providing training and creating the proper conditions so that the outstanding union members can train and struggle. As a result, after many years, many outstanding union members still lack the qualifications necessary for recruitment into the party.

Only recently has the concern of party committee echelons in party expansion among youths been manifested in the viewpoints and policies, but there are still no specific plans and measures to organize and implement things. The leadership standards and capabilities of a number of party committee echelons and party members are limited, and they have not carried out mass activities well. Few cadres and party members are close to the youths. Many hesitate to associate with youths and are not active in carrying on party expansion activities. A number of cadres and party members act in a paternalistic way, and they lack objectivity when evaluating youths. This hinders youths in their struggle to grow. The degenerate, degraded, and corrupt party members set a bad example, and, as a result, some union members and youths have lost faith in the party and their will to struggle to join the party has declined.

In coming years, in order to increase the party's vitality, reduce the average age of the ranks, and ensure that the party survives and grows, the Ho Chi Minh Communist Youth Union must concentrate on carrying out the following tasks:

1. Steps must be taken to promote spreading propaganda and providing union members and youths with political and ideological education.

Union members and youths must be educated and trained and conditions must be created to enable them to struggle and train in order to form "a new generation of people having wonderful ideals, a concept of civic responsibility, wisdom, excellent physical health, excellent labor, a cultured life, a feeling of patriotism, and a real international spirit" ("Resolution of the Fourth Plenum of the CPV Central Committee (Seventh Term) on Youth Work in the New Age," Proceedings of the Fourth Plenum of the CPV Central Committee (Seventh Term), Hanoi, February 1993, page 83). Educating youths concerning the ideals, lines, and policies of the party and teaching them revolutionary morals must be strengthened. The target "national independence, a prosperous people, a strong country, and a just and civilized society" must become the ideal of youths today. A variety of forms must be used to attract youths in order to spread propaganda, educate them about our traditions, and raise their consciousness about the party and about the responsibilities of youths in the new situation. Steps must be taken to raise the national pride and the will power to become self-reliant. The main aspirations of youths must be nourished, and youths must be motivated and helped to grow and become masters of the new science and technology. Youths must be instilled with the will power and resolve to maintain national independence. They must not be content to endure poverty and backwardness and must bring their full spirit and strength to bear in building and defending the fatherland.

2. A strong youth union must be built. Movements must be launched to solidify and improve the quality of the union chapters and primary-level union organizations.

As the trustworthy unit of the party, the Ho Chi Minh Communist Youth Union must be strong politically, ideologically, and organizationally. Efforts must be concentrated on solidifying and improving the quality of the primary-level union organizations and union chapters and enabling the cell organizations of the union to really become the daily training grounds of union members. Union organizations must be built at the private enterprises, joint ventures with other countries, and private schools. The weak bases and the union organizations in the highlands areas, remote areas, and important religious areas must be solidified.

The union must really be the activist in the activities of the Vietnam Youth Federation and Vietnam Student Association. More varied forms must be used to assemble and create solidarity among youths. The work of increasing the number of new union members must be promoted. The training of union, unit, and association cadres must be strengthened.

The quality of union members must be improved, and the training given to union members concerning Marxism-Leninism, Ho Chi Minh thought, the ideal of national independence, and socialism must be strengthened. The work of discovering, selecting, training, and recommending outstanding union members for party membership must be carried out well.

3. A broad and strong movement must be launched among youths to have them emulate in carrying out the lines of the party and the economic-social and national defense-security programs of the state. Steps must be taken to get large numbers of union members and youths to participate in actual activities so that they can fulfill the ideals, make contributions, and mature.

Efforts to create a motivated force, source of strength, and new factors must be continued, and attention must be given to the urgent interests of youths in order to promote the "Youths Establishing Careers" and "Youths Defending the Country" movements. Specific movements and programs must be created for each target so that youths can participate in carrying out the economic, cultural, and social tasks. This is to be done with the union serving as the activist so that assault youths can implement the policies and positions of the party and state. This will create an environment for training and exploiting the young forces. This will be an environment in which each union member and youth can struggle, train, make contributions, and mature.

4. "Movements to motivate youth union members to struggle and train to become members of the CPV" must be organized well in accord with the spirit of Circular 42 TT/TWD dated 12 September 1994 of the Standing Committee of the Youth Union Central Committee. An effort must be made to turn party expansion among youths into an important and regular task of the union bases. The number of outstanding union members recommended to the party must increase constantly, and they must be of better quality.

The Problem of Party Leadership of the Press

953E0013D Hanoi TAP CHI CONG SAN in Vietnamese Mar 95 pp 50-53

[Article by Ha Xuan Truong]

[FBIS Translated Text] I. A number of people have asked: We now have laws, so why do we need the leadership of the party? Doesn't party leadership limit the democratic freedoms of the press and create "command over" the press? ("Command" in the sense of being molded and having to follow the conductor.)

Reality refutes that erroneous viewpoint. Today, our country has 350 newspapers and journals with a circulation of 350 million copies. There are eight daily newspapers (two foreign-language newspapers), many newspapers that print three or four editions a week, and 38 foreign-language magazines. Ho Chi Minh City alone has 38 main publications and 14 secondary weekend or monthly publications. Most of these publications practice economic accounting and are no longer subsidized. The editors in chief bear full legal responsibility, and they are responsible to the managing organizations. In such a situation, talking about "commanding" the press in the above sense is incorrect.

In every system, whether it is stated openly or not, the party in power will always look for a way to "control" the press, which Western countries refer to as the "fourth power." Leading the press is a natural requirement for the party in power.

Party leadership and state management are closely related to each other, but the two tasks are different. Management refers to guiding things based on stipulations, the more concrete the better. Those stipulations must be turned into laws. An adequate and synchronized legal system will ensure the unity of state management, protect freedom of the press, and ensure that the rights of reporters are protected when practicing their profession. Leadership refers to setting targets and proposing principles (and even methods if necessary) in order to hit the targets. This also involves inspecting the steps taken to hit the targets and implement the principles of the management organizations. The party in power appoints its people (party members) to and withdraws them from important state positions as stipulated by the constitution. Because of this, the party must carry out two closely related tasks (meaning that they are "not one") using two separate apparatuses (a management apparatus and a leadership apparatus): 1) to hold power (through the state), and 2) to lead the state and people.

Every state must govern. Or stated another way, it must manage things in accord the specific guidelines set by the ruling class (the monopoly of one class or an alliance of many classes because of the relationship between certain classes). At the same time, within certain limits, it must satisfy the common interests of society, which is a common denominator acceptable to everyone and which is something that is necessary for political stability. The party does not govern. The concept of "the party in power" refers to the fact that the party must work through the administration in order to implement its lines. Because of this, the leadership methods of the party are very important. The question is how to listen to the ideas of the people, implement the ownership rights of the people, and keep from becoming a dictator. This requires that the party have scientific methods that are manifested in its organizational system and work methods. The concept of "method of operation" that X.Y.Z. (pen name of President Ho) discussed in his 1947 work "Sua Doi Loi Lam Viec" ["Revise Work Methods"] is concerned mainly with these questions. In short, the concept of "the party leads" includes 1) the targets (immediate and long-term) set by the party, 2) leadership methods (including organization, structure, mechanism, and so on), 3) the selection of people to carry out the assigned tasks, and 4. control over the implementation of the lines and policies of the party.

This article will discuss party leadership of the press.

II. "The press is the tool of the party and also a forum of the people." This viewpoint talks about the press (including radio and television) under the direct guidance of party organizations, the press of the central echelon, and the local press. This viewpoint can also be applied to the press of the party's mass organizations such as the Confederation of Trade Unions, the Women's Association, the Ho Chi Minh Communist Youth Union, and Peasants Association in an expanded sense. This viewpoint cannot be applied to the press of religious or scientific and technical associations of specialized activities. These press have their own separate goals and targets and are managed and led by their own management organizations. This does not mean that these are not subject to the leadership of the party, because all of them must obey the laws of the Socialist Republic of Vietnam and they are all within the political-social system under the leadership of the party. This means that the party must have different leadership forms for each type of press.

Party leadership is all-round leadership, but it is primarily political leadership. The target is to ensure that the press does not deviate from the political line of the party and that it concentrates on implementing, building, and actively contributing to those lines in a richer and more effective way. The party in power leads primarily through the enforcement of the laws and state management. At the same time, the party must use its press to contribute to guiding all the activities of the press nationwide, not only politically but also professionally. The party's press must be the vanguard banner of the press front in all respects. Let me cite NHAN DAN, a daily newspaper, and TAP CHI CONG SAN, the theoretical and political journal of the Communist Party of Vietnam [CPV] Central Committee, as examples. Their contents and methods are different, because the nature of their work and the needs of their readers are different. Above all, they must carry out the tasks given by the CPV Central Committee. At the same time, they must play a vanguard role on the media front with respect to professional aspects. With respect to NHAN DAN, the information must be timely and multi-sided, but with a clear viewpoint. For both organs of speech, the articles and news must be penetrating and timely and answer the questions posed in a persuasive manner. In the present situation, in the face of the various ideological attacks on socialism and the leadership of the party, NHAN DAN and TAP CHI CONG SAN must cooperate with each other in waging a timely struggle, be highly persuasive, and strive to publish articles of national and international scope. With respect to press professionalism, NHAN DAN and TAP CHI CONG SAN must manifest this in the printing, presentation, publication, advertisements, and so on. This vanguard role is not due to the party's monopoly of leadership but to the efforts and capabilities of the party's ranks of newspapermen. This is not something that they have conferred on themselves but something that their colleagues and the masses agree on.

However, in order to carry out the party's control role with respect to the state's management of the press, just as in implementing the political and press lines, the CPV Central Committee has its own staff. In our country, the various-echelon ideological-cultural committees perform this task. The function of the ideological-cultural committees is not to interfere in the internal affairs of the media but to discuss things with them and remind them about things based on a professional relations. This must be done through the party's organizations (party groups and party affairs committees) and through those party members working for the media. Above, we distinguished the management function of the state from the leadership function of the party. Here, it needs to be repeated that providing leadership does not mean governing things. Things must be governed using the laws, but leadership is provided using control and persuasion. Thus, orders and administration are totally foreign to party leadership.

We do not reject the democratic freedoms of the press in the West, but we do not agree with the view that private individuals with the right to engage in publishing should serve as a standard for press freedom. And we do not agree that only by having "many parties" will there be true democracy. Democratic freedoms do not stem from slogans and propaganda but from laws and the enforcement of those laws and from everyone having the right to lead the state. The press in our country is developing, and press freedom is a reality. The press is playing a more and more important role in society under the leadership of the party. Vietnam has one leading party, but there is no media monopoly. But in Western countries that have a multiparty system, the trend is toward greater and greater monopoly of the press. In England, which takes great pride in having a long tradition of freedom of the press in Europe, the BBC [British Broadcasting Company] has complained that, today, four corporations monopolize the mass media, controlling 80 percent of the media information in England. The situation is similar in the United States, Italy, France, and other so-called "developed" capitalist countries. There, most of the information and press is controlled by a very small number of monopoly corporations that have a close relationship with or that are controlled by the financial capitalists, the real powerholders, in the name of this or that party in a multiparty system. Those who have the money control the media. That is one of the laws of capitalism.

In Vietnam, another law (having the ownership of the people serve as the basis and target for laws and the implementation of the laws) is gradually gaining acceptance. However, we cannot become self-satisfied or enclose ourselves in a permanent legal box. Democratic freedoms in general and freedom of the press in particular depend on the political, economic, and social conditions of each historical period. We have a press law and many party directives and resolutions on the press aimed at manifesting the democratic freedoms of the press within the scope of the law. But in reality, there are still many things that need to be discussed in order to guarantee the democratic freedoms of the press and of newspapermen. There are still many things that must be corrected within the ranks of newspapermen, particularly concerning ethics, and many things that must be reorganized in the organization of the Vietnam Press Association so that this is in accord with the domestic and international situation.

III. There is one thing that must be given suitable attention in order to ensure that party leadership with respect to the press remains active. That is, the party and state must invest much more in intelligence and materials (technology and finance) in the mass media sphere. (This article does not discuss publishing, which is just as important as the press.)

The rapid expansion by the press on many fronts is exposing major shortcomings. For example, many newspapers and journals are slighting the ideological-political tasks, pandering to the taste for ordinary entertainment of the petty bourgeoisie living pragmatic lives. Many weekly newspapers and journals are fighting each other for exciting news here and abroad, exploiting the loves and debauched lives of a number of Western actors and singers, and publishing these stories in the form of "criticisms" of the pictures and stories on sexual passion found in American pornographic magazines. Many publications all publish similar stories about the affairs of Madonna and Michael Jackson. Many journals are similar in terms of format and the colors used. Almost all of the weekend magazines and special publications have scantily clad women on their covers. If you put many of these newspapers and journals next to each other, it would be difficult to tell which was which without looking at the name.

We lack an information policy. Almost all of the news on world events comes from foreign news services and journals. Even the news stories from neighboring countries is copied from foreign sources. It can be said that we are being controlled by news from abroad. Even concerning domestic news, many of the news items are not published in as timely or complete a way as the stories published by the foreign news services present in Vietnam. In our country, only the Vietnam News Agency has reporters in a number of countries, and NHAN DAN has a few reporters stationed abroad. We have a large number of war reporters, but none of our reporters has ever been present with their colleagues in any of the world's hot spots. We are "way behind" on the news front. In today's economic competition and political struggle, whoever can obtain accurate information quickly is halfway to victory. It is essential that we invest in information services and telecommunications equipment. But if we don't give attention to investing in "producing information," that will have a negative effect on party leadership and state control.

Press and publication laws have been promulgated during the past two years, but all we have heard are "shouts" from press management organizations, the party's staff committee for a number of newspapers, and readers appealing to the media and reporters appealing to each other. But the laws have not affected anything. The decree attached to the Press Law stipulates that "advertising space cannot exceed 10 percent of the entire publication" and that "advertisements cannot be printed on the covers of a journal or on the front page of a newspaper." But many of the weekly and biweekly magazines use 40 or even 50 percent of the space for advertisements, and they put the advertisements on any page they want. As for the press, our state is not engaged in a "joint venture" with another country, but a number of newspapers have received investment capital of a "joint venture" nature. Also, private individuals have used the loopholes and "secretly" printed publications in the name of mass organizations. Some foreigners are publishing newspapers in spite of the orders of the Vietnam Ministry of Press and Publication Control. People usually criticize this as showing lax leadership and management. I think that the word "lax" is too easy. People should say that there is a "lack of discipline." Or even more seriously, if we have laws but don't implement them, that is "anarchy."

Today, there is a rather large press force of overseas Vietnamese. There are hundreds of Vietnamese-language newspapers and journals with different and even opposing lines. Some fully support the lines of the party and Fatherland Front in the country. Others support us but are hesitant, and some print stories that seem to be in "agreement" but that actually oppose us. And there are some that openly oppose socialism and the renovation of the country. I think that with its broad front policy, the party must have appropriate leadership methods to assemble the wholesome forces around the patriotic Vietnamese organizations abroad. There is no need to distinguish opposition from a difference of opinion. We need to forge sympathy and don't need to oppose separateness. The only thing is that what is said should be constructive and help forge solidarity for the sake of our Vietnamese fatherland. But we cannot remain indifferent and allow a number of newspapers, in conjunction with opposition elements in the country, to smear our system, destroy the situation in the country, and propagate ideas attacking us. If most of the international news entering Vietnam comes from foreign news services and publications and little news from within the country filters abroad to overseas Vietnamese, that will be tantamount to abandoning things to the foreign press and the newspapers of overseas Vietnamese who have evil tendencies. We do not have any prestigious Vietnamese-language or foreign-language newspapers aimed at foreigners or overseas Vietnamese. This is a major shortcoming in information-media work today. Leadership here means respecting different opinions, studying them, making choices, and being able to distinguish what is true from what is false. This will give true voices a stable position and create a large pool suited to all people who love their country and support socialism. Leadership here is between confusion and the creation of feelings of sympathy for the party and the party's lines.

In every sphere, in order to understand the present, you must understand the past. For those in the Vietnamese press, understanding the history of the Vietnamese press is both an ideological and professional requirement. If the party is to lead the press, it must be concerned about the history of the Vietnamese press, which includes the history of the Vietnamese revolutionary press. Today, in Vietnam there is the Press and Propaganda Institute at the Ho Chi Minh National Academy for Politics and media departments at Hanoi and Ho Chi Minh City universities. Besides this, there are also short-term classes offered by the Vietnam Press Association and press organizations aimed at providing training in journalism. But there is still no official history on the Vietnamese press. Lectures on the history of the press depends on the viewpoints and materials of each instructor.

Recently, by chance I read a document on the history of the press in Vietnam since 1975. The author used the "state subsidies mechanism" to distinguish this from the renovation period. According to the author, newspapermen during the state-subsidies period "did not have any freedom." The author painted a false picture of the press during that "state subsidies period." His arguments were similar to the erroneous viewpoint in literature during the past several years, a viewpoint that regards the literature of the pre-renovation period as being just an "illustration of the party's policies" and a "type of literature that has sacrificed art." In short, it is not "real literature." The state subsidies mechanism and the market mechanism in the economy have a powerful effect (both positive and negative) on media activities, but it is not right to use them as a line to "divide" the history of the press. Furthermore, it is totally wrong to reject the democratic freedom of the press, the loyalty of the great majority of those involved in media work, and the contributions of the media to the development of the country, which includes the changes in the mechanism during the subsidies period. I could go more deeply into the topic of this article if I continued to discuss the history of the press. But raising this issue, I simply want to emphasize the importance of the history of the Vietnamese press and the role of instruction concerning the history of the press in training newspapermen. This will not only give them knowledge but also provide them with viewpoints concerning ideology, culture, and issues having to do with the leadership of the party in power.

In conclusion, I want to mention the matter of training the party's ranks of core newspapermen and the press forces in our country in general. This is a very difficult profession that requires broad knowledge. At the very least, a person must know one or two foreign languages, have specialized knowledge, be honest, and have the "guts" to fight for the truth. This profession is closely tied to politics. Occasionally, this profession and politics seem to be one. Because of this, the direction must be very clear. Put another way, this profession requires a firm position. An excellent and loyal rank of newspapermen will help ensure that the party's leadership on the press front is correct and creative.

Conference on Developing Young Party Members in the New Situation

953E0013E Hanoi TAP CHI CONG SAN in Vietnamese Mar 95 pp 61, 62

[FBIS Translated Text] In Hanoi on the 65th anniversary of the founding of the party, 20 and 21 January 1995, in cooperation with the Standing Committee of the Ho Chi Minh Communist Youth Union Central Committee, the Organization Department of the Communist Party of Vietnam [CPV] Central Committee held a conference on "Increasing the Number of Young Party Members in the New Situation." Le Phuoc Tho, a member of the Politburo and the head of the Organization Department of the Central Committee, and Ho Duc Viet, a member of the CPV Central Committee and first secretary of the Ho Chi Minh Communist Youth Union Central Committee, presided at the conference.

The conference was attended by leaders of the Organization Department of the Central Committee, of the Standing Committee of the Ho Chi Minh Communist Youth Union Central Committee, of the Ideology and Culture Department of the Central Committee, and of the Mass Agitation Department of the Central Committee and theoretical researchers who are studying party building and youth work. Secretary General Do Muoi attended and spoke at the conference.

Following the opening report by Vu Trong Kim, the deputy secretary of the Standing Committee of the Youth Union Central Committee, the 24 papers presented at the conference concentrated on analyzing and discussing the following main issues:

1. The struggle by youth union members and youths to become party members. Almost all of the speakers affirmed that in recent years, party expansion among youths has undergone good changes and achieved good results. In general, the youths of our country have confidence in the party and aspire to become members of the Communist Party. It's not true that today's youths do not want to join the party and that we do not have people qualified for party membership. The question is what means to use to attract youths and get them to strive for party membership.

The speakers agreed that the self-training and effort of youths is the decisive factor. But the steps taken by the party committee echelons, party organizations, and union organizations to provide training and help are very important. An active effort must be made to spread propaganda, instill ideals in youths, and help them overcome the problems in the way they perceive the party in terms of motivation and struggle guidelines.

Because of the powerful effects exerted by the market mechanism some youths have tended to deviate and do not have a concept of struggle and training. A number of people are indifferent toward the party. On the other hand, because of the special economic and social situation in each area, sphere, and profession, the thoughts, feelings, aspirations, advantages, and difficulties of youth union members and youths training and struggling to become party members are different. Accommodating given situations and special characteristics, the party and union organizations must have flexible and practical forms and methods to educate, motivate, and assemble the youths.

Many speakers said that based on the targets and specific operating environment of the union members and youths, the party committee echelons must put forth requirements and set conditions and standards for recruiting party members accordingly. Specifically:

At the state enterprises, training and striving to become party members must be linked to a concept of and the capabilities for completing the production tasks and improving the quality of the products with a spirit of building the enterprise.

At the colleges there must be a mechanism to encourage the excellent union members and students. Studies must be done to renovate the standards for recruiting students into the party. Attention must be given to political and ideological education through teaching Marxist-Leninist theory in the colleges.

In the rural areas, recruiting new party members from among rural union members and youths must be regarded as one of the standards for determining which party chapters are strong. The activities of the mass organizations must depend on the hamlet

In Catholic areas, attention must be given to the psychology and characteristics of the Catholic population. Guidelines and stipulations must soon be issued on party member participation in religious activities. There must be separate stipulations and standards on party expansion in the Catholic community.

In the ethnic minority areas, there must be programs and materials suited to the standards in order to provide party members with information on party expansion and provide the tribesmen with the capabilities to study and engage in party activities. There must be standards for recruiting new party members and short propaganda materials on the party that are easy to understand. The Ho Chi Minh Communist Youth Union Central Committee should send each union chapter in the highland villages a number of copies of TIEN PHONG.

2. The leadership and organization of the party committee echelons and party organizations with respect to increasing the number of young party members:

Many people said that the concern of a number of party committee echelons in party expansion among youths has been manifested only in general viewpoints and policies. But there is a lack of concrete plans and measures to organize and implement things. Many cadres and party members are remote from and hesitate to approach youths, and they are not carrying out party expansion actively. A number act in a paternalistic manner, and they do not evaluate youths in an objective way. This is hindering the efforts by youths to grow. Some party members have failed to carry out the mass activities well, they have not really propagated the ideals of the party among the masses, and they have not carried out party building activities well. In the coming period, the resolution of the 3d Plenum of the CPV Central Committee on renovating and reorganizing the party must be implemented even better. Party members must carry out the mass activities well, mobilize the masses, and recommend people with adequate qualifications for party membership.

Some people stressed that in evaluating and classifying party members, how well each party member has carried out the party expansion tasks must be regarded as an important basis.

The contents of party activities must be renovated, and an attempt must be made to avoid monotony. If this is done, youths will view striving to join the party as an honor and responsibility.

To carry out party expansion well, party members must renovate the way they view and evaluate youths and youth movements, have confidence in youths, and set an example for youths. Sources must be created in order to have recruitment targets, and targets must be determined for training. Some people said that the party chapters should send party members (or party committee members) to attend the meetings to recommend outstanding union members for party membership. Also, representatives from the Youth Union Central Committee (with the qualifications of sponsors) should be invited to attend the chapter conferences to examine those recommended for party membership and talk about the union members whom they have recommended.

Amending and supplementing Stipulation 12 in accord with the new situation should be studied.

3. On the role, responsibilities, and activities of the various-echelon union organizations in increasing the number of young party members: A number of people observed that party expansion among youths is not proceeding evenly in all zones and areas or among all targets. The percentage of young party members recruited is still low as compared with the total number of newly recruited party members. This is because:

The youth union has not carried on activities regularly to train, instill ideals, and teach youths in general and union members in particular about the party. The quality of the activities of the union chapters is still poor. In a number of sectors such as subwards, private enterprises, joint enterprises, tribal and Catholic areas, and so on, there are places that do not have any union organizations, or if they do, the organizations are weak.

Many times, there is a lack of unity between union and party organizations in discovering, training, and recommending outstanding union members for party membership.

In order to promote party expansion among youths in the coming period, the conference unanimously agreed that efforts must be concentrated on carrying out the following tasks: propagating party ideals among union members and youths; building a strong youth union; launching movements to solidify and improve the quality of union members and the quality of the union chapters and union bases; continuing to organize a "movement to motivate union members and youths to strive and train to become members of the CPV using the four themes mentioned in Circular No 42 TT/TWD dated 13 September 1994 issued by the Standing Committee of the Youth Union Central Committee; and building a rank of outstanding union members to create a source for increasing the number of young party members.

At the conference, Secretary General Do Muoi said that increasing the number of young party members and attracting youths to join the party in the present situation is an urgent requirement and an important factor for solidifying and strengthening the leadership of the party. This is a task of strategic significance in the development of the country with a socialist orientation and in an international situation that is undergoing complex changes and at a time when mankind is preparing to enter the 21st century. Party committee echelons and union organizations from the central echelon to the bases must have a correct viewpoint on party expansion among youths in the new situation. The youth situation must be examined and evaluated in an objective manner, and predictions must be made about growth. Based on this, possible solutions must be proposed for educating, training, and assembling youths; large action movements must be launched; and a basis must be created for expanding the party and ensuring that youths continue the glorious work of the party.

Australia

Legislators Petition France To Reverse Decision

BK2706082595 Melbourne Radio Australia in English 0500 GMT 27 Jun 95

[FBIS Transcribed Text] Federal Labor parliamentarians have signed a petition calling on the French Government to reverse its decision on nuclear testing in the Pacific. The petition has been signed by the prime minister, the deputy prime, and foreign minister, and almost all government members.

A copy of the petition will be presented to the French embassy in Canberra on Bastille Day next month, and another copy will go to the governor of French Polynesia.

The original petition will be on board the Greenpeace ship, Rainbow Warrior II, when it protests against the French tests.

Meanwhile, Australia's trade minister, Bob McMullan, said the federal government may take further steps in response to France's decision to resume nuclear tests.

Public opinion polls and several street protests indicate there is widespread community dissatisfaction with the government's response since the tests were announced. Senator McMullan says the government is constantly reviewing Australia's reaction to the decision.

[Begin McMullan recording] I realize Australians think that maybe we should do more and at least some of them in the street are proposing that. But we are doing more than anyone else about this. It is clear that this is a changing situation and what responses we make will be determined by the development of events over the next days and weeks. [end recording]

Hong Kong Offers To Mediate on Aviation Row

BK1606153995 Melbourne Radio Australia in English 0100 GMT 16 Jun 95

[FBIS Transcribed Text] The Hong Kong Government says it is willing to negotiate to settle the aviation dispute between Australia and Hong Kong. Camille Funnell reports the offer follows a move by Qantas to legally challenge Hong Kong's decision to limit passenger numbers on the airline's flights through from Hong Kong.

[Begin Funnell recording] A Hong Kong Government spokesman says despite the dispute there is no real threat to direct services between Hong Kong and Australia. Qantas has applied to the Hong Kong Supreme Court for review of the colony's decision to restrict passenger numbers on flights through Hong Kong to Bangkok and Singapore.

Cathay Pacific Airways, Hong Kong's main carrier, has also taken legal action because of the dispute. The Hong Kong Government spokesman says the action in the court does not rule out the need for a negotiated solution and hopes that can be achieved through informal contact with the Australian Government. [end recording]

Government To Provide Aid for Bougainville

BK2606044395 Melbourne Radio Australia in English 0100 GMT 26 Jun 95

[FBIS Transcribed Text] Federal government is providing an extra $10 million [Australian dollars] to help further the peace process in Bougainville. Money will help fund health and education initiatives and bring Australia's total aid spending on Bougainville since 1991 to nearly $23 million.

Australia's development cooperation minister, Gordon Bilney, said the extra funds will help Papua New Guinea and the Bougainville transitional government consolidate their efforts toward peace and confidence building in the process.

New Zealand

Croatia's Tudjman Arrives for Visit

LD2506123595 Zagreb Radio Croatia Network in Serbo-Croatian 0800 GMT 25 Jun 95

[Report by Tihomir Vinkovic from Aukland]

[FBIS Translated Excerpt] Croatian President Dr. Franjo Tudjman, has arrived in New Zealand from Australia at the invitation of New Zealand Governor General Catherine Tizard. About 50,000 Croats emigrants, primarily from southern Croatia, live in New Zealand. Despite an earlier lack of understanding of and vacillation over an independent Croatian state, the awareness of Croatian identity [hrvatstvo] has been heightened. [passage omitted]

At the end of his eight-day visit to Australia President Tudjman spoke to Croatian journalists who are accompanying him on the visit. The president said his visit was a success beyond any expectation. Its atmosphere and the absence of any incident or discord in the media all point to a very successful visit. He said: This is the final stage of the revival I set in motion in 1987 when I visited Canada. Croatians invited me to visit Australia even then. This was a process of genuine national revival encompassing all layers of society, unlike the similar process in the 19th Century when it only involved intelligentsia, which then became split over various ideas. The current revival encompasses all layers of society, including Kata Anic of Duvno [later renamed

Tomislavgrad] who in 1989 sent her application to join the HDZ [Croatian Democratic Union] with a message: I will pray to God for you and, in return, you free Croatia.

There were horrific threats of assassination against the president here, similar to those received in Zagreb, but nothing happened. Our blitz operation in western Slavonia was described by the Serbs as their heaviest defeat since the battle of Kosovo [in 1389].

Asked what was more important about his visit, its state aspect or his meetings with the Croatian community, President Tudjman said that the state aspect of the visit was important for developing economic cooperation. But on the whole, he said, his meetings with the Croatian community are more important since they mark the completion of the general Croatian revival. He said: The majority of our emigrants here were branded extremists. As you can see, all of those stories about extremist Croats turned out to be unfounded. In their greetings and messages the Croats showed that they wanted a democratic Croatia and that they would respect a democratically elected government and president. What is happening here serves to promote the Croatian community in Australia. The Australians say they have never seen anything like it and that this is something any Australian politician would wish for himself. The Croatian Embassy building, built by donations from our emigrants, is in such a location and so beautiful that many countries bigger than Croatia would not be ashamed of it.

President Tudjman said there has already been response to calls for emigrants to return to Croatia and that the newly established Ministry of Immigration [ministarstvo useljenistva] and individual municipalities and counties would be obliged to receive anyone who returns. The homeland must be prepared to receive these people not as a burden but as part of Croatian identity and the Croatian revival, Dr. Franjo Tudjman, the president of the Republic of Croatia, said before leaving Australia.

Tudjman Thanks Local Croats for Support

LD2606193095 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 26 Jun 95

[Speech by Croatian President Franjo Tudjman at the Croatian consulate in Auckland on 26 June — recorded]

[FBIS Translated Text] I will convey your greetings to the homeland. As head of the independent, free, sovereign, and internationally recognized state of Croatia, I greet you and I convey to you greetings from the homeland and gratitude for everything you have done. You have done a lot, because although living — as we in Croatia say — at the end of the world or at the beginning, as you like, you have preserved the Croatian national awareness. You have built this home where you will continue to preserve Croatian customs and ties with the homeland. And especially [I thank you for] the help you sent to the homleand during its defense against the Yugo-Communist and Serbian aggression and in the development of a free Croatia. [applause]

Papua New Guinea

Chan Criticizes South Pacific Journalists

BK2706065195 Hong Kong AFP in English 1003 GMT 26 Jun 95

[FBIS Transcribed Text] Port Moresby June 26 (AFP) — Papua New Guinea Prime Minister Sir Julius Chan on Monday described some South Pacific journalists as shallow, sensationalist and occasionally stupid.

Chan, opening the annual Pacific Islands News Association (PINA) conference here, said his country had been the victim of "shallow journalists unable to look past the bad; sensationalist journalists unwilling to look past the obvious; and occasionally just plain stupid journalists."

He told 80 journalists and media executives from the Pacific region that there were not enough experienced journalists.

"I am concerned that in the ranks of journalists today we do not have too many mature professionals. Frontline reporters are too young and inexperienced, without the necessary background understanding of issues they are expected to write on," Chan said.

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